

# Foundation Staff Matter.



## BLOG SERIES

by PHIL BUCHANAN

POST ONE

## Are Big Staffed Foundations Obsolete?

August 31, 2015



In a series of eight posts on the CEP blog in August and September 2015, **CEP President Phil Buchanan** challenged critiques of large, staffed foundations and assertions that recently-established, “lean” foundations are paving a promising new path without being saddled by “bureaucracy.” He dug into data from CEP research, as well as stories of foundations working diligently to create real positive change. His posts highlighted the important role that staff play as foundations work with grantees to accomplish shared goals.

**The series led to lively and insightful debate in the blog’s comment section.**

To hear some tell it, big, staffed foundations are on their way out. Like bookstores or taxis, they’ll soon be obsolete, if they’re not already.

David Callahan, founder of *Inside Philanthropy*, writes that new donors are [embracing a “leaner” philanthropy](#) and that “places like Ford” (as if there are a lot of places like Ford) — which he calls “philanthrosaurus rex” — “will start to feel more out of step with the mainstream of philanthropy, a sharp change from a past era when big foundations embodied state-of-the-art grantmaking.” Callahan [suggests that there is a growing recognition](#) that “lumbering legacy foundations, with their program support models, are doing things wrong and underperforming as a result.”

He is not alone in his view. Sean Parker, of Napster and Facebook fame, is similarly harsh in his assessment, [declaring in the Wall Street Journal](#) in June that “the executive directors of most major private foundations, endowments, and other nonprofit institutions are dedicated, first and foremost, to preserving the resources and reputations of the institutions they run.”

“This is achieved by creating layers of bureaucracy to oversee the resources of the institution and prevent it from taking on too much

risk,” Parker argues. As a result, “many large private foundations become slow, conservative, and saddled with layers of permanent bureaucracy, essentially taking on the worst characteristics of government.”

Today, of course, it’s almost *de rigueur* to declare that any institution or model that has existed for more than five minutes will be “disrupted.” But, like rumors of Mark Twain’s death, the reports of the demise of big foundations may be exaggerated.

Drawing on available evidence, including (but not limited to) research the Center for Effective Philanthropy (CEP) has conducted over the past 14 years, as well as our experience in hundreds of engagements with foundations using our assessment tools, I want to make four points in response to these critiques.

- **First**, it’s not actually clear that the new foundations being heralded by Callahan for their slim staffs will be so thin five or 10 years from now — or even that they’re particularly slender now!
- **Second**, the small size and great diversity of nonprofits often requires larger foundations to have enough staff to be able to interact with many different entities and to be knowledgeable enough to make good decisions about who to fund.

- **Third**, our data and analysis of tens of thousands of surveys of grantees of nearly 300 foundations shows the benefit — to grantees — when foundations have sufficient numbers of staff for the goals and operating strategies they’ve chosen.
- **Fourth**, it’s not just about numbers — the quality of staff and of staff culture matters, because what happens inside a foundation’s walls ripples outside those walls.

I’ll seek to flesh out these points in a series of eight posts in the coming days on the CEP blog.

In doing so, I am not going to argue that all is well in philanthropy (just as all is not well in any of our sectors, including business and government). For it is surely true that foundations of all types and sizes can sometimes become overstaffed, slow, bureaucratic, and infected with a complacency that is quite out of step with the urgency of the challenges they work to address. Anyone who has spent time in the world of larger foundations knows this can happen, and I’ve seen this first-hand at least a few times — which is, of course, a few times too many.

Neither am I encouraging foundations to rush out and hire more staff. Whether they should or not depends entirely on their goals, strategies, and approaches.

What I am saying is that there’s a price to be paid for not paying attention to staff — both their numbers and their quality. And, I am also arguing that the rush to heap praise on the “new” donors and denounce the “old” institutional foundations is perhaps a little simplistic, at best.

More on that in my next post.



## POST TWO

# Are the New Big Foundations Lean or Just In the Process of Staffing Up?

September 1, 2015



In my last post, I quoted critics like David Callahan and Sean Parker who take aim at “lumbering legacy foundations” encumbered by “layers of bureaucracy.”

On his Inside Philanthropy site, Callahan repeatedly points to new donors who he says are doing significant grantmaking with few staff — making a small number of large grants. It seems not to occur to him, however, that this apparent leanness may be a function of the simple fact that it takes time to get organized and staff up!

Callahan frequently calls out the [Laura and John Arnold Foundation](#), located in Houston, Texas, as archetypal of the new model, [describing it](#) as “a sophisticated funding effort with a small staff.” The staff may indeed be fairly — though hardly radically — small today, though it is growing rapidly. It numbers 34, two of whom are part-time, and is on track to be 42 once eight open positions are filled, according to Director of Communications Leila Walsh. The Foundation’s assets are about \$1.7 billion.

The Arnold Foundation is not much different in terms of relative “leanness” than, for example, its 78-year old neighbor, the [Houston Endowment](#), which has just 26 staff, according to its website, and the same size endowment as the Arnold Foundation at \$1.7 billion. I reached out to Ann Stern, Houston Endowment’s president, who confirmed these numbers.

The 64-year old [Brown Foundation](#), also in Houston, has \$1.4 billion in assets and its executive director, Nancy Pittman, tells me the foundation currently employs just nine people — two of whom are part-time.

What about payout? Stern says Houston Endowment pays out about \$85 million annually and Pittman says Brown’s payout was \$64 million in the last fiscal year and \$74 million the year prior. Walsh told me in an email that the Arnold Foundation paid out \$104 million last year and has paid out \$128.5 million so far in 2015.

So in terms of *dollars out the door relative to staff*, Houston Endowment and the Arnold Foundation are similar. And Brown is the leanest of the three billion dollar-plus foundations in Houston.

So much for the “new foundations are lean, old foundations are bloated story.” At least in Houston, it doesn’t hold up.

It’s worth recalling that the Bill & Melinda Gates Foundation was described by the [New York Times in 2002](#) as having a “lean, informal structure” (which the *Times* dubbed, strangely, “very Seattle”). As the authors of this [2012 Foundation Source report](#) noted, “the implication was that Bill Gates was pioneering a streamlined approach to philanthropy which didn’t involve all those unnecessary staff and expenses.”

“Fast-forward to 2010,” the Foundation Source report continues, and “the Gates Foundation reports more than 900 employees and spends \$362 million in order to give away \$2.2 billion in grants — now 16% of total expenditures.” Today, of course, those numbers are higher still.

“Is this a criticism of the operating expenses of the Gates Foundation?” the report goes on. “Absolutely not. Rather, it is evidence that in the last decade, the Gates Foundation has learned that thoughtful, effective grantmaking is hard to do on a shoestring.”

What looks to Callahan and others to be a trend of new donors choosing a leaner — and in their eyes superior — model may not be even accurate. Or, in the cases where a new foundation is leanly

staffed, it may often simply be a reflection of a developmental stage. Over the past 14 years, I have visited the offices of many new foundations with large endowments that start out in small offices with few staff, only to come back a few years later and be amazed by their growth — in office space, staff size, and programs. Similarly, I have met with donors who have been heralded for their “new” approach to giving that doesn’t involve a staffed foundation, only to learn that they’re planning to form one.

It’s hard to come by accurate and up-to-date data on staff size, and I am not confident enough in the data CEP has on this front to make any definitive statements about the relationship between age and staff size, holding assets and giving constant. We’ll be seeking to explore this further in the coming months, and if we can conclude something one way or the other, I’ll write about it here.

Meanwhile, Callahan continues to spin a story about “new” and “old” philanthropy, [like in this recent post on the MacArthur Foundation](#). In that post, he points approvingly to Mark Zuckerberg as an exemplar of the lean approach.

But I imagine Zuckerberg — who seems from media accounts to be the kind of guy who earnestly seeks to learn from his mistakes — looks back at what happened in the Newark schools (see, for example, [this account](#) or [this recent review](#) of *The Prize*, a new book on what went wrong) and wishes he had had more help, not less, in understanding what was really happening on the ground.

My guess is that Zuckerberg’s philanthropy will be handled by a growing staff in the years to come.

Just as a toddler who is not yet walking is not a harbinger of a trend of embracing crawling as a superior mode of human transit, leanly staffed young foundations may often simply be in an early developmental phase.



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### POST THREE

## It Takes Staff to Get to Know Nonprofits, Communities, and Fields

September 2, 2015



There’s been, as I have been discussing in previous posts, a lot of beating up recently on the very idea of foundation staff. But there are in fact some good reasons why, once a foundation passes some threshold of assets, staff are rather necessary.

Part of the reason is that most nonprofits — including many of the really effective ones — are small. This means there is a limit to how thinly a foundation can be staffed if it is to stay connected to grantees and prospective grantees — much less intended beneficiaries.

Much has been written about the large and fast-increasing number of operating nonprofits in the U.S., the apparent “inefficiency” of so many organizations often working on the same challenges, and the quest of organizations to reach greater “scale.” But while sometimes “scaling” makes sense for a nonprofit, there are many other instances in which a small, community-based nonprofit is, in fact, best positioned to address a particular need or problem. In those cases, the focus might better be on “scaling” proven approaches — and sharing lessons learned broadly — rather than particular organizations.

What does this have to do with foundation staff?

A lot. In most fields and communities, getting to know the relevant nonprofit players — to choose those that are most effective, innovative, community-centered, or best fit whatever other criteria a foundation is using to decide where to place its bets — is a labor-intensive process. The present reality, whether ideal or not, is that most foundation-funded nonprofits are small — the median budget size of the tens of thousands of grantees of the large foundations CEP has surveyed over the years is just \$1.4 million.

To understand what’s going on in a community or a field, to help nonprofits connect with each other, to share lessons learned, and to avoid being isolated in ways that can undermine effectiveness (and drive grantees crazy), a foundation program officer doesn’t need to form just a few relationships. He or she often needs hundreds.

Sadly, many grantees see foundations as too frequently disconnected from those they seek to help and from the challenges nonprofits face, as [my colleague Ellie Buteau described](#) at the 2015 CEP Conference in May. It’s hard to imagine how to address this problem without adequate staff.

What I am suggesting is that foundations need staff in part for the simple reason that there are so many nonprofits. And it isn’t always the big nonprofits that are doing the best work.

I’d be the first to discourage a donor with \$20 million from starting a new foundation and staffing up — a donor advised fund at the local community foundation is probably a better solution. But for those with hundreds of millions or billions in assets, establishing a foundation — and hiring staff — makes sense.



# No One Model

September 3, 2015



Sometimes it's as if critics of institutional philanthropy think there is one superior model. *Inside Philanthropy's* David Callahan [argues that](#) "Foundations should provide more general operating support and fewer program grants ... and they should also more narrowly focus support on those grantees that are first in class. If they pursued this strategy, they would need smaller staffs." He lauds foundations that provide "big general support grants to major nonprofits."

This is one model, of course, but it is hardly the only one. Nor is it the right model for every context and situation.

Just as whether a minivan or a two-seater sports car is right for you depends on who you are, what matters to you, and what you're going to use your car for, there is no single "right" model for philanthropy. A Miata won't work for a family of six. And a Tesla may not be right if you're driving across the country (or if you don't have \$100,000 to spend).

William and Flora Hewlett Foundation President Larry Kramer put it this way in a comment on my [second post](#) in this series earlier this week: "The idea that lean staffing is 'better' is just a variation of the argument that lower overhead is better, except now critics are applying it to funders rather than NGOs. And it's misguided for the same reason." As he notes, "staff size does and should vary depending on how one works."

Another comment on the same post, this time from Scott Downes, a consultant and former program officer at The Colorado Trust, makes a similar argument. "The first order question for funders — new or old — shouldn't be whether it needs a lean or large staff," he writes. "Rather, it should be what needs to happen to fulfill a vision, what change needs to be instigated, and what strategies need to be deployed to do that. Staff structure and size (and function and role) should be aligned to those answers, not the other way around."

Kramer and Downes are right.

Look, I am at some level sympathetic to Callahan's argument. I have also urged foundations to make more large, unrestricted, multi-year grants. In the situations when that's possible, and when they have confidence in the potential or proven efficacy of a nonprofit's work,

foundations surely should do that.

I agree with leaders like Edna McConnell Clark Foundation President Nancy Roob, Bridgespan Co-Founder and Managing Director Jeff Bradach, and Venture Philanthropy Partners Founder Mario Morino that it shouldn't be so hard for organizations that have demonstrated impact to get the funding they need to expand to serve more people. But, as I discussed in my last post — and as I think they would likely agree — investing in the rapid growth of organizations, or only in already "major" nonprofits (to use Callahan's word), isn't always the right move.

Especially in certain communities and fields, crucial and effective grantees may not be well-positioned to receive multi-million dollar grants or even be interested in expanding to other geographies. As Bradach has put it, it's not always about scaling organizations, it's about "[scaling impact](#)."

After all, most nonprofits are local — often focused both in terms of geography and population served — for very good reason.

I spent time last month at [UTEC](#), a Lowell, Massachusetts-based organization that works "to ignite and nurture the ambition of our most disconnected youth to trade violence and poverty for social and economic success." Specifically, UTEC works with those who are seriously involved in gang or criminal activity, seeking to help them chart a different path through interventions that include employment in one of their social enterprises. (I highly recommend the panini at the UTEC café!)

UTEC can claim [strong outcomes](#) for those it serves, which have earned it increasing recognition — the current and former Governor of Massachusetts have rightly [lauded UTEC](#) for its performance, and the *Boston Globe* ran [this front-page story](#) on the organization earlier this year. The organization garners about \$4 million in annual revenues after several years of rapid growth (thanks in part to foundation support).

Yet UTEC is clear that it is not expanding to other communities. It was created by the youth of Lowell in 1999 as a local response to a local problem and context, and it intends to stay local. The leaders of UTEC are trying to share what they're learning about what works with policymakers and other youth workers (through a planned teaching and learning institute), but they're not interested in "scaling" the organization to other geographic communities.

"There's so much more for us to do here, with our specific target population," says Gregg Croteau, UTEC's executive director. "Ultimately, we hope to redefine the vision of scale a bit. For us, it entails further scaling the efficacy of our outcomes — for example, maintaining laser-like emphasis on moving from 80 percent to 90 percent of all our youth having no new arrests."

In other words, Croteau is interested in deepening UTEC's impact with those it already serves.

"We hope to scale the level of supports each young person has to remove their barriers to increased education and employment through new initiatives such as a two-generation early education program and expanding our social enterprises," he explains. (Disclosure: Croteau and I went to college together.)

If foundations are to find and support organizations like UTEC, they need staff to get out and interact — building relationships and making connections. That's what happened to UTEC when it received crucial foundation funding from the Parker Foundation, Robert Wood Johnson Foundation's Local Initiative Funding Partners



Program, Richard and Susan Smith Family Foundation, Strategic Grant Partners, and Edna McConnell Clark Foundation's (EMCF) PropelNext Program, among others. (Disclosure: RWJF provides significant grant funding to CEP.)

"Some of these funders provided the essential support needed to launch an idea into an organization," Croteau explains. "Some provided us the key capacity to build performance measurement into our organizational DNA. And others offered consultancy to help us further improve key program design areas. As we move forward with our growth plans, we hope to partner with more funders that can help further the conversation of how 'scale' and local growth do not have to be mutually exclusive."

Interestingly, the diversity of foundation approaches that Croteau alludes to — with some providing primarily financial support and others, like EMCF, providing crucial assistance beyond the grant — benefited UTEC. As the Rockefeller Brothers Fund President Stephen Heintz put it in an email to me this week, "There is no magic model or approach, and diversity in styles and methods is as healthy and constructive as diversity in human resources."

Foundations of various sizes and approaches matter in supporting organizations like UTEC. Callahan seems to believe it is only the "big" and "major" nonprofits that should receive foundation funding.

I don't agree.

Finding organizations like UTEC that are changing communities for the better, and giving them the right kind of help to get to the next level, is important. And it takes time.

And staff.

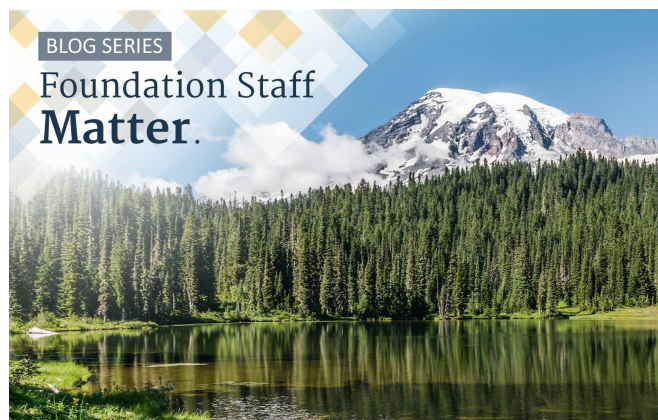


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POST FIVE

## Staffing a Foundation for Impact

September 8, 2015



In my [last post](#), I noted that many seem to believe there is one silver bullet, one superior model for philanthropy. For example, one critic of foundations suggests that newer donors and younger foundations have found the answer in providing fewer, larger general operating support grants to "[best in class organizations](#)." This can be done efficiently, the argument goes, with very few staff.

Maybe sometimes, in some situations. But this isn't quite the right approach in many contexts.

Let's look at a real-world example: the [Wilburforce Foundation](#), in Seattle, which is focused on the conservation of wildlife and wildlands. Many of [Wilburforce's grantees](#) are concentrated on particular geographic areas and are funded because they're best positioned — both geographically and in terms of their community connections — to do the work they do. They may not be "best in class" always, at least not at the start, but that doesn't mean that they're not the right grantees for Wilburforce as it pursues its goals.

Frequently, Wilburforce's grantees need support to achieve higher levels of effectiveness, which the Foundation provides. Wilburforce gives an unusually high proportion of its grantees the kind of intensive beyond-the-grant assistance that our research has shown is correlated with more positive perceptions of impact on grantees' organizations.

Founded in 1991, Wilburforce has excelled consistently in the eyes of its grantees, receiving strikingly high ratings across many dimensions of CEP's Grantee Perception Report® (GPR), which the Foundation has [made public](#). It is, for example, among the very highest ranked funders among the hundreds whose grantees we have surveyed on dimensions such as "impact on grantees fields," "understanding of grantees fields," "advancement of knowledge in grantees fields," "influence on public policy in grantees fields," "approachability when a problem arises," "fairness of treatment," and "responsiveness."

Wilburforce's model is staff-intensive because it depends on relationships. "At the very basic level, solid relationships with grantees are critically important because grantees are a very good source of information for us," explains Paul Beaudet, Wilburforce's associate director, in a Q&A in [this CEP report](#). (Disclosure: In addition to being a client, Wilburforce provides grant support to CEP of \$5,000 annually.)

"(Grantees) are the ones doing the on-the-ground work," Beaudet says. "They're likely to have a much more nuanced and deeper understanding of the context for the work that needs to be done in the particular places that we care about. If we have high-quality, long-term, trust-based relationships with grantees, we believe that we'll have better knowledge around which we can make smart investments in their organizational and programmatic capacity, helping them to more efficiently and effectively achieve their outcomes." (For more on how Wilburforce puts grantees at the "center of its map," [see this blog post](#) by Beaudet.)

This approach has influenced the Foundation's structure and its staff numbers. Wilburforce staff have fewer active grants per program officer than the median foundation in our comparative dataset of several hundred, and those program officers have responsibility for fewer dollars. So, while the Foundation may not be "lean" by those measures, it is clear that its staff's work is making a difference to grantees.

To note that Wilburforce's model works is not to suggest that it is superior to others. But it does appear to be the right one for the

Foundation's particular goals and the context in which it works.

"There's not one single approach" that is best, as Rockefeller Brothers Fund (RBF) President Stephen Heintz [put it](#) during a panel at the 2015 CEP Conference in May. "It's about the end result — how are we delivering impact? And if you can do that with a very lean administrative model on the things you care about, great." (Disclosure: Heintz is former Chair of the CEP Board of Directors and RBF is a client and grant funder of CEP.)

But Heintz noted that it often takes additional staff resources to do what is required to achieve a foundation's goals. "The question is excellence and impact, not model!" he said, rather emphatically.

I think Heintz's words are worth paying attention to — even if he does run a pretty old foundation.



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#### POST SIX

## What the Data Tells Us: You Need Staff to Do Certain Things Well

September 9, 2015



CEP's data and analysis confirm that foundations just can't do certain things well without staff.

This isn't just a theory, and the story about Wilburforce Foundation I told in my last [post](#) isn't some fluke. Analysis of CEP's grantee survey demonstrates the link between foundation staffing and certain aspects of performance, as experienced by grantees.

For example, our analysis of the provision of assistance beyond the grant to nonprofits has shown that foundation staff with fewer active relationships with grantees to manage provide more of the most useful patterns of assistance beyond the grant. Those with too many relationships to manage — those whose foundations are "too lean" — are unable to do so. [We reported those results back in 2008](#), but recently replicated them with our now much-larger

dataset of surveys of tens of thousands of grantees of nearly 300 foundations.

Beyond the effect that thin staffing has on grantees, it's difficult to imagine how foundations could excel in other areas without sufficient staff. How, for example, are foundation staff to stay connected to the perspectives of intended beneficiaries, or on top of the latest research in their field, if they are overwhelmed with the sheer volume of grants to process?

How are they to identify the "best in class" nonprofits to fund, as *Inside Philanthropy's* David Callahan urges, without paying attention to the evidence? As anyone who has worked in the sector for more than a moment understands all too well, performance isn't always easy to gauge when working on complicated, interdependent, stubborn social problems.

Larger foundations need staff to do their work. This isn't to say that every foundation should hire more staff, or that the relationship between staff size and grantee experience or effectiveness is a direct, linear one. It isn't. Staffing models vary, as they should, based on the approach of a particular foundation — or even based on the approach of different programs within the same foundation.

But the number of staff a foundation has matters — and our data and analysis suggest it has an effect on grantees as they do the on-the-ground work to achieve shared goals.



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#### POST SEVEN

## Staff Quality Matters

September 10, 2015



Ask any nonprofit what matters most in their relationship with a foundation and they'll almost certainly tell you it's all about the program officer. In analyzing our grantee perceptions dataset, we have seen this powerfully corroborated by the data. On many dimensions of the grantee experience, there is more variation explained statistically by the answer to the question, *which program officer was your primary contact?* than which foundation funded you?

The abilities of program officers to develop productive relationships with grantees vary widely, as my colleagues and I discussed in this [2007 Stanford Social Innovation Review article](#).

What we don't know yet is what specific elements of a program officer's background, attitude, or skill sets are related to better performance in the eyes of grantees. We'll be examining this in a future CEP research study. We'll also seek to look at tenure. If Sean Parker is right and foundation staff seek primarily to build and protect empires — and their jobs — rather than to be effective, as [he argued in the Wall Street Journal](#), we'd expect to see tenure be inversely correlated with grantee perceptions of foundation program staff.

We'll see.

But what we do know today is that what happens within a foundation's walls doesn't stay inside those walls — it is correlated with grantee experience. In analysis of contemporaneously gathered staff and grantee perceptions at 29 foundations, CEP's Ellie Buteau and her colleagues found a relationship between staff climate and culture and grantee experience. Our colleague Kevin Bolduc [described these findings](#) at the 2015 CEP Conference in May.

For example, when staff feel empowered — as measured by a series of specific survey items covering issues from authority to professional development to team culture — grantees are more likely to see the foundation as clear and consistent in its communication. We see the connection on other dimensions, too, suggesting that it isn't just the numbers of staff that matter, or the performance of individual staff, but also the overall culture and climate.

This is played out not just in our quantitative analysis but also in the open-ended comments from grantees and staff. For example, at one foundation where staff feel highly empowered, a staff member says, "Staff is provided the resources necessary to complete their work." Another says, "The staff is encouraged to grow professionally and is empowered to act in the best interest of [the foundation] and the community." Grantees of this same foundation say, "The [foundation] is the most consistent and transparent of all local foundations" and find staff are "honest, rigorous and entirely professional. They listen well, interact with ease, and communicate effectively."

On the other end of the spectrum, one staff member whose foundation received comparatively low ratings from its staff on issues of empowerment says, "I feel underemployed, relative to my skills and work experience." Another employee at the same foundation says, there is "not much top down information sharing. [The foundation] is somewhat departmentalized." On the other side of the table, a grantee of the same foundation says that it is "hard to work with. Communication is unclear, processes are not transparent, and 'hidden agendas' abound." Another grantee requests "more frequent communication about [the foundation's] direction, strategies, goals and desired impact."

It isn't just the numbers of staff that matter in terms of how a foundation is experienced by those with whom it works. It is the quality of those staff and the culture and climate in which they work. While this may seem patently obvious, it appears that this needs to be said — given the critiques of those who assert, essentially, that foundation staff do not matter.

## POST EIGHT

# Embracing Reality

September 11, 2015



Over the past two weeks, I have argued in a series of blog posts that big foundations often need staff to get things done. I've also taken issue with the fetishization of the "new donors," and have suggested that, over time, they may end up looking a lot like the "old" ones that have been dismissed as "dinosaurs."

I've made four basic points:

- **First**, it's not actually clear that the new foundations being heralded by David Callahan of *Inside Philanthropy* for their slim staffs will be so thin five or 10 years from now — or even that they're that slender now!
- **Second**, the small size and great diversity of nonprofits often requires larger foundations to have enough staff to be able to interact with many different entities to be knowledgeable enough to make good decisions about who to fund.
- **Third**, our data and analysis (of tens of thousands of surveys of grantees of hundreds of foundations) shows the benefit — to grantees — when foundations have sufficient numbers of staff for the goals and operating strategies they've chosen.
- **Fourth**, it's not just about numbers — the quality of staff and of staff culture matters, because what happens inside foundations' walls ripples outside those walls.

My intent has not been to argue that foundations — new and old, big and small — can't do better in terms of their effectiveness and impact. Of course they can! And they should! And the organization I lead is dedicated to helping them in that effort.

Indeed, in the process of doing our work, we have often been critical of foundations — highlighting areas of disconnect between rhetoric and practice in areas such as performance assessment and strategy. But we have tried to do so in a way that is informed by data.

Fact is, there are, today, many highly effective foundations (both newer and old) — and the results they achieve can be astounding. Look, for example, at the role that the Gill Foundation and Haas, Jr. Fund played in the marriage equality effort. Their efforts to be effective required clear goals, coherent strategies (shared across many actors), disciplined implementation, and good performance indicators. Putting all the elements of effectiveness together doesn't guarantee results, but it's probably true that you won't get results

without these pieces being in place.

And that usually requires the time, smarts, skills, and energy of *staff*. Really good staff.

(Disclosure: Gill and Haas Jr. Fund are clients of CEP's and Haas has from time to time provided modest grant support to CEP.)

There are, of course, also foundations that have not been effective enough and some that rather too closely resemble Sean Parker's [characterization in the Wall Street Journal](#) of bloated bureaucracies staffed by individuals more interested in self-preservation than impact. But to suggest, as Callahan repeatedly has, that there is some kind of negative correlation between numbers of staff and effectiveness and impact is to ignore the available evidence.

And, of course, it's not simply about numbers — it's about the quality of staff and the culture in which they work.

I felt compelled to write these posts in part because I fear that the arguments of Callahan and Parker play right into the hands of foundation boards that too often push for low administrative costs without sufficient understanding of what staff can help them achieve. As others have noted, it's ["the Overhead Myth,"](#) foundation-style. The fault is not always the boards' alone; too often, foundation staff fail to compellingly explain their model and approach — why staff are needed to make progress toward important goals or to provide data needed to help gauge effectiveness.

Look, I am glad that the new donors of today are often impatient for results. That's largely a good — yet not necessarily new — thing. I am also glad that many are looking critically at the available options for pursuing impact, rather than simply defaulting to what others have done in their philanthropic efforts. (Although I do wish more would seek, as Cari Tuna of Good Ventures has, to learn from history — something I [recently discussed in another blog post](#).)

But the reality is, these donors will need sufficient numbers of excellent staff to get the work done.

To pretend otherwise is pure fantasy.



**Phil Buchanan**, President of CEP, is a passionate advocate for the importance of philanthropy and the nonprofit sector and deeply committed to the cause of helping foundations to maximize their impact. Hired in 2001 as the organization's first chief executive,

Phil has led the growth of CEP into the leading provider of data and insight on foundation effectiveness. CEP has been widely credited with bringing the voice of grantees and other stakeholders into the foundation boardroom and with contributing to an increased emphasis on clear goals, coherent strategies, disciplined implementation, and relevant performance indicators as the necessary ingredients to maximize foundation effectiveness and impact.

Phil is co-author of many CEP research reports, a columnist for The Chronicle of Philanthropy, and a frequent blogger for the CEP Blog. Phil is also co-founder of YouthTruth, an initiative of CEP's designed to harness student perceptions to help educators accelerate improvements in their K–12 schools and classrooms. He holds an MBA from Harvard University and received his undergraduate degree in Government from Wesleyan University. He has been recognized four times as among the Nonprofit Times "power and influence top 50" — most recently in 2015. Phil was born in Toronto, grew up in Oregon, and currently lives in Lexington, Massachusetts with his wife and two daughters.

