

Turning Intent to Action: Diversifying Foundation Boards

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The call for private and community foundation boards to embrace and demonstrate diversity at the senior leadership and board level has never been more urgent. Yet, with a growing base of research showing the importance and advantages of diversifying, the composition of foundation boards continues to change very slowly.

Data from the Council on Foundation's (COF) 2019 Grantmaker Salary and Benefits Report: Board Compensation Tables reported that out of 8,900 private and community foundation board members across the country, 82 percent identified as White/Non-Hispanic.¹ Since the publishing of this report from COF, the need for research and solutions focused on the importance of diversity at the board level across nonprofit institutions has only increased. An update to this report by COF will be conducted in 2022.

A December 2020 [study](#) released by the [Center for Effective Philanthropy \(CEP\)](#), detailing the efforts of foundations to address the crises of 2020 (a global pandemic and racial reckoning), reported that 57 percent of responding foundations indicated that fewer than a quarter of their board members were people of color.²

Additionally, the 2021 edition of [Leading with Intent](#), BoardSource's study on best practices in nonprofit board governance, reported that boards of public foundations are still seemingly disconnected from the communities and people they serve, with responding institutions reporting that 78 percent of their board members are predominantly white.³

As for the benefits of diversification, a [2018 report](#) from the Indiana University Lilly Family School of Philanthropy, in partnership with BoardSource and Johnson, Grossnickle and Associates, found that nonprofit boards with higher levels of gender, age, and racial/ethnic diversity tend to have more engaged members.⁴ More engaged board members have the capacity to improve decision-making, engage with a more diverse set of stakeholders, and help with advocacy, fundraising and community building efforts.

Following the release of the [2020 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations \(CCSF\)](#) this past August, Commonfund Institute and the Council on Foundations launched a complementary survey explicitly focused on the diversity of foundation boards.

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The short survey was sent to participants from the 2020 and 2019 CCSF studies. Fifty-seven foundations responded (thirty-four private, 18 community, and 5 others who self-identified as “operating foundations”). The goal was to gain a better understanding of their board's interest in diversifying its members and the barriers in doing so in their organizations. Fundamental to a board's responsibility is the duty to assemble and enforce the policies that govern these organizations. When there are no women, people of color, or other diverse representatives amongst members, the thoughts and perspectives of the board can become too uniform, or result in blind spots, making it more challenging to meet the needs of the communities they serve. 70 percent of respondents reported that their interest in board diversity research stemmed from a strong ethical imperative to engage in this work. Close to 50 percent of respondents indicated their board actively considers issues relating to gender, race, and ethnicity when it sets policies and makes decisions (i.e., relating to [environmental, social, governance \[ESG\]](#), and investment practices). This early-stage research shows us that foundations are moving in the right direction, although there is still a disconnect between the intent and the action.

1 Council on Foundations, 2019 GRANTMAKER SALARY AND BENEFITS REPORT: BOARD COMPENSATION TABLES. Retrieved Autumn, 2021, from <https://www.cof.org/content/2019-grantmaker-salary-and-benefits-report-board-compensation-tables>

2 Center for Effective Philanthropy, Foundations Respond to Crisis: Toward Equity? Retrieved Autumn, 2021, from <https://cep.org/portfolio/foundations-respond-to-crisis2/>

3 BoardSource. (n.d.). BoardSource Index of Nonprofit Board Practices. Retrieved Autumn, 2021, from <https://leadingwithintent.org/>

4 IUPI Lilly Family School of Philanthropy et. al. The Impact of Diversity: Understanding How Nonprofit Board Diversity Affects Philanthropy, Leadership, and Board Engagement. Retrieved Autumn, 2021, from <https://scholarworks.iupui.edu/handle/1805/15239>

Despite the sector moving slowly as a whole, there are a growing number of foundations focusing on this work. For example, The Denver Foundation recently created [Your Inclusiveness Guide](#) to aid other organizations in implementing a strategic plan in relation to their board member practices. The guide argues that in addition to recruiting diverse board members, it is “equally important that the organization focus on developing a culture that is respectful of diverse communities within the board of directors and that the board establishes a commitment to integrating values related to inclusiveness in its ongoing work.”⁵ To accomplish this, the Denver Foundation suggests that organizations set explicit goals for a more diverse and inclusive board. For example, in an organization’s by-laws, the document can outline how the board plans to develop a board membership that reflects the community it serves with regards to race and ethnicity. To make this goal more explicit, they also suggest that organizations mirror their community’s most recent census and aim for a similar representation in their board composition.⁵ Once an organization is in agreement on how its board diversity, equity, and inclusion efforts will be measured, board and staff commit to accomplishing the stated measures. Setting strategic goals will allow an organization to employ a system of accountability as they strive to create a more inclusive and diverse board.

However, sometimes a focus on setting goals can distract efforts to identify individuals who fit the profile your board needs from an experience, interest and skill level. In response to this, some boards have begun implementing board composition plans – a formal plan or policy that reflects diversity in thinking, background, skills, experiences, expertise, and a range of tenures deemed appropriate, given the foundation’s current and anticipated circumstances and long-term goals. Respondents to our survey were asked where their boards stand on implementing one such policy. Fifteen foundations indicated they currently adhere to an agreed-upon board composition plan. Twenty-four foundations either indicated their board is in the process of implementing a composition plan or has requested more information on how to initiate that process. Six foundations expressed considering board composition when recruiting, but not explicitly adhering to a formal board composition plan. While not all foundations explicitly adhere to a formal board composition plan or policy,

it is clear that they understand the importance of being aware of what they have and what they need. More simply put, foundation boards need to intentionally plan and strategically implement approaches to diversify their members. A tool such as [Council on Foundation’s board matrix](#)⁶ can assist board members in ensuring the right mix of skills, thoughts, and perspectives are represented.

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As mentioned above, if foundations recognize the need for board diversity and encourage their grantees to focus on it, why aren’t they seeing more diversity in their own boards? Foundations that responded to our survey were asked to share their perceived barriers to recruiting diverse candidates for their boards and to describe their strategies to diversify their board membership pipeline. Forty-two percent of survey respondents indicated their barriers to recruiting diverse candidates were:

- Not being able to find diverse talent with the required skills
- Not being able to find diverse candidates with fundraising capability or deep networks
- Not being able to find diverse talent that is able to make the necessary time commitment

⁵ The Denver Foundation. (n.d.). Setting Goals for a More Diverse and Inclusive Board. Retrieved Autumn, 2021, from <http://www.nonprofit-inclusiveness.org/setting-goals-more-diverse-and-inclusive-board>

⁶ Board Matrix Template provided by the Council on Foundations

NOT BEING ABLE TO FIND DIVERSE TALENT WITH THE REQUIRED SKILLS.

This challenge requires foundation boards to not only explore the types of technical skills that might be needed, but to also expand their understanding of the skills they can leverage. Many boards find that having, for example, lawyers, accountants, finance and investment professionals, and programmatic subject matter experts amongst their ranks is a good idea. While most would agree that these competencies are good additions to any board, there are certainly diverse board candidates who fit these profiles, so there are opportunities to explore there. Also, it is important to include diverse board members with lived experience, deep community networks, and those with policy, organizing and advocacy experience which can also add diversity of opinion and insight. Incorporating some of these and other skills into your board recruitment efforts will allow your board to be more diverse, effective grant-makers, and stewards of the foundation's mission.

NOT BEING ABLE TO FIND DIVERSE CANDIDATES WITH FUNDRAISING CAPACITY OR DEEP NETWORKS.

Most nonprofits rely heavily on fundraising to garner the resources needed to sustain operations and advance their missions, but this is not true of private foundations. Private foundations do not fundraise because they are not public charities. Instead, they typically are created from a single source of funds (individual, family, or corporation) and then spend investment income from their endowments to fund grants and operations.⁷ In fact, many private foundation board seats offer tremendous opportunities, such as local, regional, national, or global influence and access, as well as compensation and personal grant allocations for serving on the board. For private foundations, the issue may be less about a board member's fundraising capacity, and more about who the foundation deems "worthy" to have access to resources, influence, and power.

Many community foundations leverage endowed assets while also fundraising new money, so we cannot discount the importance of fundraising for community foundations. However, unlike traditional nonprofits, community founda-

tions use targeted cultivation strategies that aim to appeal to community members in a certain socio-economic group, which precludes many other community members from participating at the highest levels of philanthropy and leadership through the foundation. Community members may be able to get grants and even donate to specific community-based funds, but the definition of "deep networks" and the ability to give a certain amount of money to participate on community foundation boards keeps many diverse voices and perspectives on the outside looking in. Again, this may be as simple as right-sizing the fundraising expectations for community foundation board seats to be more inclusive and focusing on other valuable skills and assets that community members can contribute to meaningful board service. Community voices, experiences, and leadership are just as valuable as being able to raise money and/or write a check.

NOT BEING ABLE TO FIND DIVERSE TALENT THAT IS ABLE TO MAKE THE NECESSARY TIME COMMITMENT.

This may be a matter of working with diverse talent to negotiate what they need to be successful as a board member, given time constraints and busy schedules. "Being too busy" is something many people contend with in their lives, but with the right support people can make time to take advantage of opportunities. In fact, the goal should be to work with all current and prospective board members to find ways to support their board leadership, whether it be using technology to make meetings more accessible, appropriately staffing and providing administrative support for board and committee work, or just keeping board members focused on high-level strategic matters to help optimize meeting time and make serving on the board manageable.

Also, we often hear that many foundation boards do not have access to diverse networks from which to recruit new board members. While networking may be one of the most valuable skills a board member brings to the table, solely relying on networking has proven to be insufficient to increase diversity. A board must recognize when their networks fall short of creating relationship maps to individuals with diverse skills, perspectives, and thoughts, and seek out other outlets.

⁷ Candid Learning, What is the difference between a private foundation and a public charity? Retrieved Autumn 2021 from <https://learning.candid.org/resources/knowledge-base/private-foundations-vs-public-charities/>

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Here are a few strategies foundations we surveyed have used to expand their recruiting efforts:

1. Engage and Recruit within Grantee Organizations.

Foundations can actively engage their grantee community, inviting them into committee and volunteer work. A private foundation in NYC that participated in our study has found success recruiting diverse board members through these experiences. Seeking board prospects and nominations from grantees makes sense since they are your most important partners.

2. Form an Advisory/Leadership Council or Blue-Ribbon Committee to Focus on Recruiting Efforts.

Advisory/Leadership Councils are common amongst foundations, providing a diverse array of strategic guidance, insight, and perspective. These councils can also assist boards by serving as a pipeline of diverse talent leading to eventual board service.

3. A blue-ribbon committee would be defined as group of individuals, internally or externally appointed, who can assist the board in identifying diverse candidates for board membership.⁸ This group of individuals would have a degree of independence from board influence or any other authority. Responsibilities of these committees might include board member recruitment and onboarding, periodic assessments of the board, audits of by-laws, and enforcing term limits. A private foundation in Virginia noted that their use of this type of committee allows them to identify and provide the board with candidates outside of their traditional networks.

4. **Hire a Search Firm.** A search firm can develop an outreach strategy to identify candidates outside of an existing board member’s personal network. A search firm is an objective participant in the process. A private foundation in Texas we surveyed noted that their search firm helped them flag recruitment issues as they arose, such as lack of diversity.

5. **Partner with and Recruit from Diverse Professional Associations and Organizations.** Partnering with diverse professional associations offer foundations a direct pipeline to diverse candidates with the skills, expertise, background, and values needed for their board. For example, foundations can partner with local chapters of the [Urban League](#), [NAACP](#), [African American and Hispanic sororities and fraternities](#) as well as organizations like the [African American Board Leadership Institute](#). There are also several philanthropic leadership pipeline programs. Council on Foundation’s Career Pathways program also focuses on diversifying the pipeline in philanthropy. More information on this program can be found [here](#). Additionally, Change Philanthropy (formerly known as Joint Affinity Groups) offers connection to a wide array of diverse [leadership pipeline programs](#).

⁸ Johnson, Janet R. and Marcus, Laurence R. Blue Ribbon Commissions and Higher Education: Changing Academe from the Outside. ASHE-ERIC Higher Education Report No. 2. Washington, D.C.: Association for the Study of Higher Education, 1986

Ultimately, foundation boards need to not only show interest in board diversity, but have the will to make meaningful, effective shifts in power. Foundation boards should view diversity, equity, and inclusion as a feasible and vital goal, and based on our preliminary research it appears that they are beginning to slowly do just that. Ensuring that they have the right mix of skill, thought, and perspective is increasingly becoming a priority as they are confronted with complex challenges in their local communities, nationally, and globally. It is critical that boards understand the alignment between mission, strategy, and board composition and how establishing diverse and inclusive boards will contribute to

their success. It is our hope that another racial reckoning, like the one we experienced in 2020, will not be necessary to keep this topic front of mind for the philanthropic community.

We will continue to illuminate and contribute to this important work on board diversity.

If you are a private or community foundation who is interested in participating in our board diversity work, please email us at cfinstitute@commonfund.org for more information.

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Published December 2021

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