



NATIONAL CENTER FOR  
FAMILY PHILANTHROPY

# SPLENDID LEGACY

CREATING AND RE-CREATING

YOUR FAMILY FOUNDATION



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# THE SPIRIT OF PHILANTHROPY

## And the Soul of Those Who Manage It

PRESENTED TO THE COUNCIL ON FOUNDATIONS  
ATLANTA, GEORGIA  
MARCH 1987

BY PAUL YLVISAKER

“Philanthropy is not just another institution. It stands for something distinctive and special, with a tradition and necessarily a spirit which represent to society the nobler motives of altruism and the more humane consideration so characteristically missing in the worlds of business and politics.”

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THE SPIRIT OF PHILANTHROPY

Stewardship is a term that is healthily disciplining, but it is also too passive: it does remind us of the specific trusts we have accepted, but it does not suggest the creative roles we inescapably play. We are stewards not merely of money, but of a tradition — a tradition that is still evolving. And that makes us accountable not only for what we preserve but for what we create.

I'd like to brood with you over both the custodial and the creative responsibilities of philanthropic managers.

I'll be making some generalizations that suffer all the liabilities of half-truths. Fair warning à la Robert Wood, who once introduced me with the mischievous alert: “I want you to listen carefully to Paul Ylvisaker. He's always persuasive but not always right.” Still, how else than by generalizing do we human beings communicate insights — or keep an audience awake?

**Who are the managers of philanthropy?** To start with, the seven or eight thousand who don't own the money but make their living giving it away (the

“philanthropoids”), plus another nearly equal number of trustees who manage organized philanthropy without benefit — some would say, without burden — of paid staff, but essentially all responsible for discharging the fiduciary responsibilities involved in running foundations.

Even at that, we’re talking about a meager fraction of Americans: only six out of 100,000 who are trustees of foundations, and only three out of 100,000 who are paid staff.

Philanthropy is not easy to generalize about, despite those meager numbers. There can’t be a more esoteric human activity, nor one more extraordinarily diverse — especially given the vast assortment of trusts that exist and therefore of the responsibilities involved.

But it is not enough to take refuge in diversity. We have a name, and therefore an identity; we have a function, and therefore a set of personal and public responsibilities. In searching for the spirit of philanthropy, that quintessential that instructs us in how we should behave and what values we ought to symbolize, there are two traditions to explore.

First, that of charity, the older and better understood; it has become almost instinctive in ours and other cultures in its presuppositions if not always its practice. Its “pure theory” builds upon six elements:

1. Altruism, the subordination of self-interest.
2. Compassion and empathy as the best avenues to understanding.
3. Taking the perspective of “the least among us.” John Rawls built this into his theory of justice: the just society is one which tests its actions by their impact on the condition of its least powerful members.
4. A readiness to affirm and to act alone.
5. A quest for better human condition, sometimes in its sense of perfection reminiscent of the search for the Holy Grail.
6. Giving as a one-to-one human encounter in a microworld of personal relationships.

In juxtaposition to this tradition of charity, another has evolved, [which] we now call modern (organized) philanthropy. It has developed its own set of presumptions, adapted from and adapting to, another environment:

1. The environment in which it works the one in which institutions, rather than individuals, are the key actors. We have moved from the world of the one-on-one to that of institutionalized interaction.
2. There is a separation of donor and beneficiary into a world of intermediaries. The original donor, if still involved, acts through trustees, who act through staff, who act through one or more layers of nonprofit agencies, who act through staff, who act through a filter of representatives of the class, or problems, ultimately being dealt with. And further distancing occurs with the growth of specialization.
3. A look past the immediate condition of persons to what we call root causes and systemic reform.
4. A tilt toward reason and dispassion as the best route to systemic understanding and change.

5. A consciousness of institutional image and self-concern, ranging from tax considerations and the explicit rationalization by corporations of self-interest in their charity, to the incessant search all of us are engaged in for a distinctive mission and focus.
6. A recognition of a public responsibility, with accompanying public disciplines and restraints — and the redirection of that search for the Holy Grail toward an even more elusive concept called the public interest.
7. A conscious engineering of power, not only through grants and leveraging but through processes such as convening in which the gift plays only a part. Also, an explicit recognition of playing a social role, not simply a personal one.
8. A shift from gift to negotiated contract. We do this to both provide discipline and an assurance of effectiveness by watching carefully the terms of the grant. We also, by that method, allow reciprocity and participation. It is not the Lady Bountiful, unilateral act, and therefore it is consistent with the nature of our time. But have the very words “gift” and “grant” become archaic?

Think about the way you deal with applicants. It is a negotiated contract that we have come to, rather than a gift or grant.

9. A search for consensus in approach and resolution. Consensus is an institutional imperative in our times, simply to minimize the friction generated by institutions moving through a crowding social and political environment.
10. A bias in favor of excellence and a meritocratic elite, both as justifications in themselves for philanthropy, but also as the preferred vehicle for helping the less advantaged.

**Let’s be clear:** each of these elements has its own rationalizing logic. I am not putting these things down, but describing them. Each has made its own contribution to the evolving tradition of philanthropy. Without what they represent, charity could never have developed into the equilibrating and distinctive social force it has become. Charity could not have adapted to the social, economic, and political transformations that have taken place in modern society.

But the change has produced an institution and a profession with internal tensions, if not outright contradictions. Philanthropy has

evolved, as Joseph Schumpeter once analyzed capitalism to have evolved, to produce a routinization of progress. Good works in our time have become routine, which partly explains the paradox of organized philanthropy routinely turning out worthy grants with gray-flannel-suit regularity and rhetoric — just read all those foundation annual reports.

Have we moved from flesh-and-blood giving to dispassionate and depersonalized philanthropy?

Which of these two traditions — the charitable or the more recent — are we the custodians of? The answer is both. We are tested by how creatively we balance and resolve those contending logics and meld them into a concept and code of behavior that honor the imperatives of both traditions. This may seem, and partly is, just another version of the contemporary dilemma: how do we remain human in an institutional environment?

But it’s not that; philanthropy is not just another institution. It stands for something distinctive and special, with a tradition and necessarily a spirit which represent to society the nobler motives of altruism and the more humane considerations so characteristically missing in the worlds of business and politics.

Each of us will find his or her own way of living with these tensions — each one's own resolution, each one's own way of contributing creatively to the evolving practice of philanthropy. But there are some guiding maxims and imperatives I would urge on you, though clearly they reflect my own biases and pieties. (You'll note there are eleven commandments. Anything to outdo Moses.)

1. Guard your own humanity. The first ethical commandment, taught to me by a distinguished professor of ethics, is to take care of yourself. This is not acting for number one; it means taking care of what you are or should be, so that you can radiate that out to others. If you lose your own soul — whether to arrogance, insensitivity, insecurity, or shield of impersonality — you diminish the spirit of philanthropy. The goal to aspire to is that you will be a distinguished human being who gives to the foundation as much an identity as you derive from it, and far more than the money you give or negotiate away. In a very real sense, you are philanthropy.
2. Guard the soul of your own organization, even from your own pretensions. Those of you lucky enough to be part of an institution that has a soul know

what a precious environment it is. It's a secure environment within which distinctive personalities complement rather than compete with each other; it's an open environment in which hierarchy is respected but not imposed, and where posturing and game-playing are unnecessary; it's an institution in which values are explicitly and easily discussed, and there is a consistency between values stated and values played out; it's an organization [that] demonstrates its humanity equally in its responsiveness to the needs and sensibilities of its external constituencies and in the care with which it nourishes and grows in its own personnel.

3. Be ready to speak out and act on your own on those hopefully rare occasions when principle is at stake or the unspoken needs to be aired.
4. Constantly assess your own motivation, whether what you're arguing for reflects your own power-drive and personal predilections or a measured evaluation of public need and foundation goals. This goes for trustees as well as staff, and ranges well beyond the more apparent realm of conflicts and interest.

5. Scan the whole gamut of your foundation's activities to make certain they are consistent with the goals and spirit of the philanthropic tradition. Are the values that peek through the back page listing of your investments the same as those featured in the pious opening pages of your annual report? In your convening function, are you more intent on demonstrating influence than on catalyzing and releasing community energies? Do your personnel policies and board compositions jibe with the affirmative action expectations directed at your applicants? Does the care with which you consider public needs and foundation policy match the exhaustive scrutiny you give to applicant proposals and budgetary attachments? Compile your own checklist of such questions; you'll find it an instructive and sometimes chastening exercise.
6. Constantly traverse the lengthening distance between the words used in foundation docket items and press releases and the ultimate impact and beneficiaries of the grants once made. Have the intended beneficiaries really benefited? Who are they, and how many of them are from among the least advantaged? Has the quest for a better human condition dissipated in the chase after

some abstraction? Have verbalizations and the mere recital of good grants made substituted for demonstrable attainment of tangible goals?

7. Be willing to open the black box of philanthropy to share with others the mysteries of values and decision-making. They may seem disadvantageous to you as a protective mechanism, but in reality they're a breeding place for personal and institutional botulism. An anaerobic environment is not a healthy one for the spirit of philanthropy, nor for the soul of a manager. Be ready and willing to mix with the community, and with those closer to real life than you are. Engage in dialogue with others who have legitimate interest in what you're doing and who may provoke you into insights that seclusion may have kept you from. Consider another ethical commandment: always be ready to explain publicly your decision and your reasons for your actions. Don't wind up your organization so tight that competing ideas can't filter through.
8. Never stop affirming. When you find your battery of hope, excitement, and even idealistic naiveté so drained that you don't let an applicant finish a presentation without pointing out why it can't be done, it's time you departed for another profession. Philanthropy builds on the hope of rising generations; it lights fires rather than snuffs them out.
9. Follow both routes to understanding, the compassionate as well as the analytical. No one can comprehend the universe who does not understand and care for the sparrow.
10. Don't ever lose your sense of outrage. Bill Bondurant [ Executive Director, Mary Reynolds Babcock Foundation, 1974-92 ] can't forget, nor can I after he related it, the wondering comment of an applicant who looked about Bill's comfortable office and lifestyle: "How, Bill, do you keep your sense of outrage?" There has to be in all of us a moral thermostat that flips when we're confronted by suffering, injustice, inequality, or callous behavior.
11. Don't ever lose your sense of humor. Organized philanthropy so easily dulls into pretentious drabness, and we all need the revitalizing spark of a good laugh, mostly at ourselves.

My own chastening reminder is the memory of a cocktail party at which I, Mr. Big Bucks from the Ford Foundation, was pontificating to all within earshot. To make a point even more impressive, I paused to pick up an olive. But what my bad eyes had missed was that it was actually a cigar butt. Any of you who have ever tasted one knows the abrupt and ignominious end of that pious performance.

Philanthropy — in the degree to which it fulfills the aspiration of its spirit and tradition — is a rare element in our social firmament, a salt that cannot be allowed to lose its savor. It is a distinctive function that, like religion, relies eventually and essentially on its moral power.

We diminish that force when we get absorbed in a mistaken quest for power of another sort, be it money or social and political influence. Philanthropic influence derives more from spirit than from social positioning or monetary domination. The love of that money is undoubtedly the most corrupting element in the grantmaking enterprise.

There is enough of an alien spirit already attaching itself to philanthropy — self-interest being an ancient example and partisanship and political manipulation a more recent one — without our failing to recognize and honor the spirit and tradition of which we are stewards.

The power of organized philanthropy can indeed corrupt. But conducted in a humane spirit, and with soul, it can also ennoble.

I was once asked to work for Joe Clark, then mayor of Philadelphia. When I inquired of him what the job was, really, he thought a minute and replied, “To help fight the battle for my mind.” It was an irresistible challenge.

But what I’d ask of someone about to join us as a foundation manager would be quite another dimension: “Help fight the battle for our soul.” ■