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STANFORD SOCIAL INNOVATION *review*

15 Minutes

Emmett Carson

SSIR Managing Editor Eric Nee met with Emmett Carson to discuss his bold plans for the newly merged Silicon Valley Community Foundation

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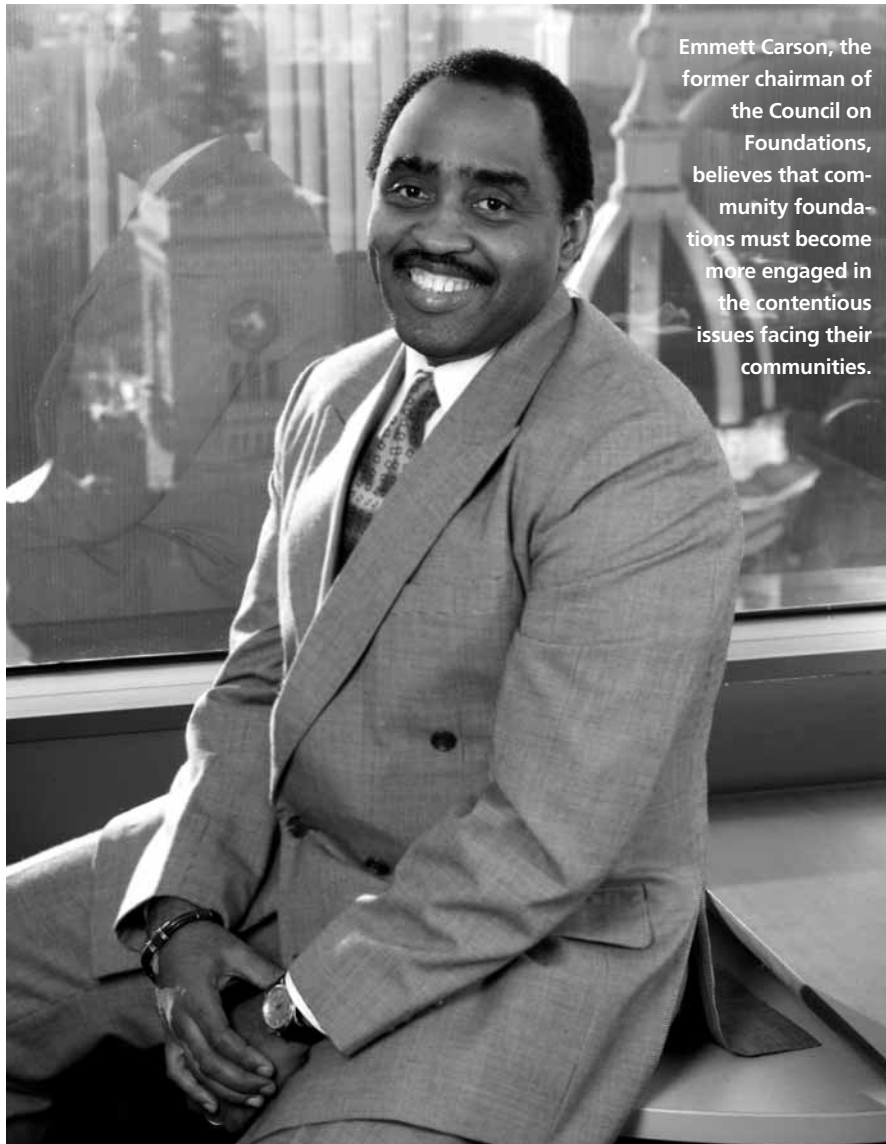
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Emmett Carson, the former chairman of the Council on Foundations, believes that community foundations must become more engaged in the contentious issues facing their communities.

WITH \$1.5 BILLION IN ASSETS, Silicon Valley Community Foundation (SVCF) is now the fourth largest community foundation in the country, right after the New York Community Trust, the Cleveland Foundation (the oldest of all community foundations), and the Chicago Community Trust. Although building assets is an important task for community foundations, having impact on communities is equally crucial, believes Emmett Carson, the inaugural president and CEO of SVCF. On that score, Carson says, community foundations can and should do more.

When Carson was CEO of The Minneapolis Foundation, he was known as an activist willing to get out in front of controversial issues concerning race and poverty. He plans to do the same at SVCF, believing that an engaged community foundation is not only more effective, but also more attractive to donors. If Carson proves to be right, he could change the way community foundations are run.

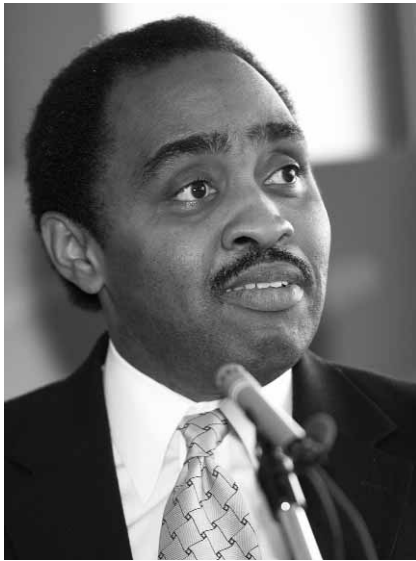
Carson could affect the future of community foundations in another way. SVCF resulted from last year's merger of the Peninsula Community Foundation and Community Foundation Silicon Valley, which were based in adjoining San Francisco Bay Area counties. If Carson can demonstrate that the combined organization is more effective than the two were separately, he could inspire some of the 650-plus community foundations scattered around the country to merge.

ERIC NEE: Why did the two community foundations merge?

EMMETT CARSON: There was no economic imperative to make this merger occur. You had two very strong institutions that could have continued as separate institutions in perpetuity. What drove this merger was the belief that both communities

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would be better off because a combined institution could exert more influence and community leadership. Having two institutions representing two different yet adjoining counties [San Mateo and Santa Clara] that had become increasingly integrated made less and less sense.

I believe you're going to see more and more community foundations thinking about this as they go forward. It gets to a point when communities overlap so much that you have to ask the question: What point is served by two entities that care equally about the whole? I think this merger is important in that regard. People at other community foundations will look at us and say, "Can you pull it off?"

There are many community foundations that function as community foundations in name only. Instead of focusing on community issues, they behave more like a bank.

We're going back to our roots. When community foundations were first created the focus was on the community leadership role of the community foundation. Then, beginning in the late seventies to the early eighties, we had an economic boom and people said: "Hey, this is a unique opportunity. Let's worry about raising money." And the focus shifted from community leadership to asset accumulation. Then we had the bust, and now we've come out of the bust and

we're getting back to our roots, saying, "Yes, part of our role is to raise money to benefit the community, but it's not the size of the asset that matters most, it's how you use those assets to build the community." The pendulum has shifted.

I also think we've become more sophisticated about our role and the roles of other institutions. Until very recently there was a naive view among community foundations that when someone created a private foundation, or funded a charitable gift fund, or did their philanthropy through a banking institution's private banking unit, we lost a client. The more informed view today is that there are a lot of people who need different things out of their philanthropy and we've got to be clear about getting to the people who fit our brand and what we can deliver.

So you're not upset that Vanguard and Fidelity have about \$5 billion in designated charitable assets – money that might otherwise be in a community foundation?

What we need to do is make sure the donor knows the services we provide and what we're trying to do. If you're not interested in an institution that's going to be active on community violence issues, or what's happening with immigrant communities because the freeze killed lots of crops, you probably aren't going to choose to be at the community foundation. Because a bank isn't going to do that, and a gift fund isn't going to do that. But if you say, "I like the fact that I'm paying a fee to an institution that is out front on those sorts of community issues, even if it is not an issue that I personally want to invest money in," then you're a donor whose money should be with us.

The more we can refine our message and tell people why they should have their donor fund at a community foundation and what the benefits of that are to the community, then the more the people who get that will say, "Sign me up." People who are uncomfortable with that will say, "Let me look for other options."

Does refining your message mean that you will fund fewer nonprofits than you have in the past?

Our role is to make the community a better place, and we do that often through nonprofits. But at the end of the day our goal is not to make nonprofits better off, it's to make the community better off. And I do not think that any nonprofit can be asked to change the world for \$10,000. That's not the average grant from the unrestricted funds at the two foundations, but there were a lot of \$10,000 grants. Our goal has to be to try to change the world. Sometimes you can change it for very small amounts of money, but when it's a smaller grant it's less likely to have the kind of transformative impact that I would like to see. Therefore, I'd like us to make bigger investments and focus on what I call systems change, figuring out how to get people to fish and sell the fish, rather than simply giving people the fish.

That's probably not going to go over well with a lot of the nonprofits that have relied on your grants. What kind of reaction have you gotten?

Very little so far, because we haven't implemented any of the changes. But I suspect what will happen, as it did in Minneapolis when I implemented similar changes, is that those who suddenly find that the issues and causes

that they care about are not being supported will understandably be vocal. But those who will now receive funding, potentially in much greater amounts than they did in the past, will be equally vocal.

Besides funding fewer organizations, does it also mean narrowing the focus of what issues the foundation will be involved in?

Yes, we will be narrowing the focus. I can't tell you what the topics are going to be, because first we're going to engage in a community dialogue. But the leverage for creating change isn't just money, it is also the public voice of the community foundation to address the issues. It's our ability to bring people to the table who otherwise might not agree to be part of the conversation if not for the umbrella of the community foundation. It could be a public information campaign to help people understand why they need to vote a certain way on a referendum. It may be op-ed pieces by the community foundation talking about why a certain change is going to make a difference. I have found that the grant is often the least important piece when it comes to trying to create systems change.

The *San Jose Mercury News* recently ran an editorial about combating violence in cities like East Palo Alto. The Silicon Valley Community Foundation and you were both prominently mentioned in the editorial. The two community foundations hadn't been accorded that kind of stature on important issues in the past. Is that an example of what you are talking about?

Yes. They called and said: "We're doing an editorial. We want to know what you think about the situation."

That begins to say to the community that the community foundation has an influence that it hasn't had before. I think it's because of the merger and the influence that the institution is perceived to have on behalf of the community. They're not going to call a charitable gift fund and ask, "What are you doing in East Palo Alto?" They're not calling a private bank and asking, "What are you doing?" It's a community foundation of the size and the influence that we now have that can say, "We have a point of view about what's happening." When that happens, people will want to know what our position is and they will want to follow our lead.

It also happened because the foundation was directly involved in the issue. The foundation helped fund the recent march against violence in East Palo Alto, and you were one of the speakers at the rally.

Exactly. When people see the foundation taking a public role on an important issue, the next time something pops up of significance they are going to say, "We've got to have this institution at the table because it is an important constituent for the work that we're trying to do."

The risk of being a very public and activist organization is that some of these issues are going to be contentious. When you're talking about affordable housing in an urban area that is completely built-out, as ours is, for example, it means sticking apartments or houses in someone's backyard.

My experience in Minneapolis, where we were known as being an advocacy organization, is that our funding went up because people were proud to be associated with us. We did surveys of

our donors, and they said, "We're glad that this institution is taking the reasoned stances that they are." People understood where we got our data and how we reached our decision. There was never any doubt that it was logical, methodical, careful, and never overstated. But the idea that we aren't going to do the right thing because a particular donor fund may not like it, well, that's not the mission of the community foundation. People aren't drawn to being a part of an organization that says, "We have nothing that we believe in, and as a consequence we do nothing because somebody might get upset with us." They are drawn to organizations that say, "We thought about what the right balance is, we discussed it with other people, and this is why we think the community is going to be better off."

I've had donors say in the past in Minneapolis, "You know, I don't know if I'd have come out on that where you did, but I understand how you got there and I'm glad you're doing it because it is a problem." The question for a community foundation is whether it has the stamina and the resolve to stick with what it believes even when others disagree.

Because there will be push back.

Yes. But you don't start with cliff diving. You start by wading in the pool. I'm describing what I did in Minneapolis over 12 years, but I didn't start there. I've got to start here by building credibility with people in the community and by being a part of it so that people understand what our values are and can say: "They really believe that. Those are not just words. You can count on them every time to do what they say they're going to do in the way they say they're going to do it." □