

# **DIVERSITY IN PHILANTHROPY BEST PRACTICES STUDY -- HEALTH FOUNDATIONS**

## **INTRODUCTION**

Following is the first in a series of Diversity in Philanthropy Project case studies designed to surface lessons and best practices for promoting inclusivity and effectiveness in various social investment arenas. This report, researched and written by Julie Tugend, former Senior Vice President and Chief Operating Officer of The California Endowment, highlights the considered experiences and views of leading health grant makers across the U.S. concerning some of the key insights they have gleaned about what practices advance or impede diversity in areas ranging from governance and management to grant making and contracting. The presentation is complemented at its close by a number of respondent tips on specific, practical aspects of promoting and managing diversity that readers should find especially valuable. Our hope is that by broadly sharing these insights other private grant making organizations will gain knowledge and encouragement to replicate and/or adopt some of these approaches to the broader benefit of their core constituents and guiding missions. We welcome thoughts and reactions from our readers regarding this and related content, and encourage those who wish to share their own ideas and suggestions on the issues to do so by writing us at [info@diversityinphilanthropy.org](mailto:info@diversityinphilanthropy.org).

## **BACKGROUND AND METHODOLOGY**

The Diversity in Philanthropy Project is a collaborative effort among leading independent sector executives committed to increasing philanthropic effectiveness through expanded diversity and inclusiveness in foundation governance and staffing, program investments and vendor relations. In the summer of 2007, the Project commissioned a study of several leading U.S. health foundations in an effort to identify emerging diversity promotion trends, best practices, challenges and lessons that could be shared with the broader philanthropic field. The findings below are culled from interviews with Chief Executive Officers – at seven health-focused funding institutions, as well as discussions with executive managers of the philanthropic support organization Grantmakers in Health. The interviews included the following health grant making leaders:

- **Crystal Hayling**, President and CEO, Blue Shield of California Foundation
- **Chet Hewitt**, President and CEO, Sierra Healthcare Foundation
- **Irene M. Ibarra**, President and CEO, The Colorado Trust
- **Dr. Risa Lavizzo-Mourey**, President and CEO, Robert Wood Johnson Foundation
- **Gary Nelson**, President and CEO, Healthcare Georgia Foundation
- **Dr. Robert K. Ross**, President and CEO, The California Endowment
- **Gary Yates**, President and CEO, The California Wellness Foundation

During roughly hour-long telephone interviews with each of these executives, effort was made to surface their candid reflections on various diversity-promotion strategies, the importance and rationale of pursuing this work, and the insights they have gleaned relative to which among the strategies employed have worked and why, and where challenges still remain. While in each case the CEOs interviewed are high profile leaders in the field, the report that follows is designed merely to surface a select sampling of their own and their foundations' (or constituent colleagues') recent diversity and inclusiveness strategies and experiences. It is not intended to be interpreted as a comprehensive description of all diversity efforts being undertaken by these institutional and field leaders or by health grant makers generally

What follows is a synthesis of the common themes surfaced among the interviews as well as highlights of some divergent executive opinions, challenges and approaches to diversity in health philanthropy.

### **WHY DIVERSITY?**

In most cases, the leaders interviewed for this report described diversity as “extremely important” and a “central theme” of their institution’s work. They frequently cited diversity and inclusivity as principles critical to mission as well as program effectiveness. Some of the common themes regarding the importance of diversity follow.

#### ***Values and Principles***

Some interviewees expressed confidence that the commitment to diversity has been embraced by their boards of directors and is thus fairly well-institutionalized throughout their organization’s policies and practices. In other cases, diversity was seen to play a significant role conceptually for the foundation, but for a number of reasons – often historical, operationalizing the principle of diversity has been more challenging.

Nonetheless, whether the commitment to diversity played an important role in the foundation’s origins or developed over time, all of the executives interviewed demonstrated keen personal and professional appreciation of diversity’s importance, both as a core institutional value and as a factor critical to organizational success.

Interestingly, none of the interviewees explicitly cited social justice or equity issues as their primary reason to be committed to diversity; however, they did seem to share a common understanding of diversity’s important value to society in promoting opportunity and with it more durable and impactful social investment outcomes. As Dr. Robert K. Ross, President and CEO of The California Endowment (TCE) put it, “We know that civil society is strengthened by inclusivity and equity, and we’ve learned that diversity [in philanthropy] is not only the right thing to do, it’s the smart thing to do.”

As the leaders and institutions we surveyed have grappled with diversity organizationally, most of them have adopted some form of core value statement, which either directly or indirectly embraces the fundamental concept of including diverse perspectives in foundation governance, decision-making and funding. These “diversity statements” have been useful both in establishing a formal process for engaging board and staff, as well as

in establishing organizational guideposts for staying the course when the practical pursuit of diversity has become most challenging.

### ***Link to Mission***

Above all other considerations, the executives we interviewed more often than not cited a direct link to their missions as the key factor for diversity's relevance to their work.

Health foundations are by their nature charged with addressing the wellness needs of people in communities. As the U.S. population shifts demographically, understanding and addressing diversity becomes all the more critical. As Gary Nelson, President and CEO of Healthcare Georgia Foundation (HGF) illustrated, "We can't effectively pursue our mission without attention to diversity, especially given the changing populations we serve. Hispanics, Native Americans and Asian Americans are the fastest growing segments of [Georgia's] underserved population, but they don't have a voice yet."

Because improving the health of an increasingly diverse population is one mission-linked reason many health foundations care about diversity, there are corollary strategic reasons for these funders to invest significant time and energy addressing diversity issues both internally and externally as well.

### ***Programmatic Effectiveness***

Most of our interviewees noted an increase in the urgency to address diversity issues over the past several years. Intensification of the issue is seen in part as a response to the growing body of science-based knowledge about health disparities among different populations and the importance of cultural competency and workforce diversity in the health delivery system to address those disparities. As Irene Ibarra, President and CEO of The Colorado Trust pointed out, "studies like the 2002 Institute of Medicine (IOM) report, which surfaced growing racial and ethnic disparities in U.S. health care,<sup>1</sup> have put issues like disparities and cultural competency, as well as access to quality care, front and center in our work."

Crystal Hayling President and CEO of the Blue Shield of California Foundation also noted, "While much of what determines a person's health occurs outside of hospitals or doctor's offices, the burden of variability of quality of care services clearly falls more heavily on people of color. This consistent gap between what is happening and what we know should be happening compels us to examine the link between quality and diversity within the health care system."

Because the 2002 IOM report has fostered new interest in addressing systemic inequities and dysfunction in the health delivery system, many leading health foundations are increasingly taking a community-based approach to assist affected groups in seeking needed health systems improvements through grassroots education, organizing and advocacy. According to Dr. Ross, for example, "TCE believes the most vexing

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<sup>1</sup> Institute of Medicine, *Unequal Treatment: Confronting Racial and Ethnic Disparities in Health Care*, Washington, DC, March, 2002.

community problems are best addressed by leaders and organizations who are closest to the ground.” This grounded approach to community self-help and mobilization has important implications for foundation appointments and staffing. According to Chet Hewitt, President and CEO of the Sierra Healthcare Foundation, “finding and supporting those organizations closest to the ground is often accomplished through staff who understand [our most disadvantaged] communities and their cultural nuances.”

Thus, as health foundations refine their strategic priorities to address well-documented health disparities, as well as continue to advocate for expanded health access on behalf of underserved populations, issues of diversity and inclusiveness become more than a value, a principle or a mission imperative; rather, diversity is rapidly coming to be seen as an essential strategic tool to get desired results from programmatic investments intended to improve community health outcomes.

### **WHY DIVERSITY?—SUMMARY OF KEY FINDINGS**

- Diversity and inclusivity are important values for health funders and their boards
- Addressing diversity is critical to addressing population-based needs that are squarely in the purview of health funders’ missions
- Growing evidence suggests that diversity is an essential tool for programmatic effectiveness in community health grant making

### **DEFINING DIVERSITY**

Though many foundations define diversity broadly, most executives interviewed consider race and ethnicity to be quintessential focal points. Additional considerations of diversity, particularly at the board and staff level, often include gender, geography (including rural/urban status) and professional discipline or expertise. At least two foundations surveyed have actively sought to recruit persons with disabilities to their boards. And at least two of these foundations have been increasingly intentional about considering and encouraging sexual orientation diversity in their staffing and grant making.

### **BOARD AND STAFF DIVERSITY**

The specific challenges faced by the executives interviewed relative to recruiting and retaining a diverse board and staff differed from foundation to foundation. Key factors influencing these differences included board and staff size, as well as foundation history – most notably conditions surrounding the foundation’s formation. Some CEOs of relatively smaller health foundations we talked to acknowledged considerable work still to be done in diversifying their foundations’ governance and workforce, but even CEOs of more established health grant making foundations with more diversity among staffs and boards recognized the need for continuous improvement. Some common themes, challenges and approaches related to board and staff diversity are delineated below.

#### ***Board Recruitment***

While board sizes ranged from seven on the low end (Blue Shield of California Foundation) to eighteen on the high end (The California Endowment), nearly all the

foundation executives interviewed for this report noted that board diversity is currently a top item of discussion among their trustees and/or nominating committees. Several foundation leaders interviewed inherited boards that originally were lacking in diversity, due in some cases to the institutional representation in place during a hospital or HMO conversion. Other foundations started out with diversity imbedded in both the composition and values of the board. In both types of cases, CEOs cited the importance of working closely with existing board leadership as a long-term process.

For example, the California Wellness Foundation (TCWF) board now boasts broad diversity in race and ethnicity, as well as gender and geography. However, this wasn't the case when CEO Gary Yates arrived over 10 years ago. Mr. Yates emphasized the importance of working closely with established board leaders to develop shared values for change and a phased diversity enhancement strategy. He also emphasized the importance of striving in each case to recruit more than one board member from key under-represented groups, so as not to impose on diverse trustees the weighty personal burden of representing an entire community's position or viewpoint. According to Yates, "the importance of diversity in governance is the richness of dialogue gained by diverse perspectives rather than what any one individual brings to the group." Similarly Dr. Ross at TCE works closely with his nominating committee in the board recruitment stage to be sure incoming board members share the founding board's value for diversity. But even with values and commitment in place at the board level, recruitment is still a challenge.

While some foundations surveyed have used executive search firms to generate board nominations, most have ended up relying on their own management, staff and board member networks to generate candidates. This process is typically managed by the president and CEO, along with a nominating committee of the board of directors in most cases. Identifying new board members who complement the diversity and skill sets of the existing board is a challenge faced by many CEOs and their nominating committees. So is finding diverse candidates who are not the usual suspects – that is, candidates who are not among the upper echelon of diversity appointments that most leading boards look to when they need to fill designated spots. Many CEOs would like to identify expanded opportunities to tap new talent networks in collaboration with other foundations, so they can build a stronger pipeline of potential diverse trustees and perhaps achieve, as Crystal Hayling put it, "a multiplier effect" of pooled networks.

Balancing the desire for diverse perspectives on a board with keeping the size of the board manageable is also a challenge for many foundation leaders, especially when diversity includes not only race, ethnicity and gender but also geography, expertise and other factors. Many of the executives interviewed for this report have led or participated in lengthy board discussions regarding diversity. In some cases, core value statements or similar principle statements previously mentioned have helped to inform the discussion. In other cases, board level dialogue about diversity has occurred more naturally through the case-by-case vetting of programs and initiatives addressing the health needs of diverse populations or communities.

One interesting approach to instilling a diversity of perspectives in decision-making without growing a board of unmanageable size is the Robert Wood Johnson Foundation's (RWJF) practice of using advisory boards to administer major national initiatives. While the use of advisory boards may not be a practical solution for all foundations, RWJF and others often find that establishing program advisory boards provides the opportunity to bring more diverse perspectives, as well as expanded regional and content expertise into the foundation's decision making process.

#### ***Board Recruitment—Summary of Best Practices***

- Engage board members in dialogue about the importance of diversity
- Codify board commitment to diversity in a formal value or principle statement
- Cultivate a nominating committee dedicated to board diversity
- Keep formal and informal networks of diverse leaders and professionals active
- Avoid limiting appointments to only one representative from each diversity target group of importance to the foundation
- Seek a diversity of backgrounds and perspectives among board members, not merely quantitative diversity based on abstract head counts targeted to particular groups
- When possible, use advisory boards to increase diversity of perspectives in governance and decision making, as well as to identify potential new talent for board diversification.

#### ***Staff Recruitment and Retention***

Recruiting, training and retaining a diverse and cohesive staff is an important goal for all of the foundation executives interviewed. As Crystal Hayling succinctly put it, “you can't serve communities well unless staff has an understanding of those communities.”

For most of the leaders we interviewed, staff recruitment, like board recruitment, is an ongoing process requiring the use of personal and professional networks, as well as considerable persistence. Some leading foundations use search firms for higher level recruitments; however, most use more traditional recruiting methods including advertising in industry trades, contacting schools of public health and local community organizations, and posting employment opportunities on foundation web sites.

Yet finding a comprehensive pool of diverse candidates and ensuring the highest caliber candidates for the job is not always the same thing, even though in the best cases these things go hand in hand. As one CEO we surveyed put it, “Sometimes I think (executive) search firms make an effort to present a diverse pool of candidates more for the sake of satisfying a management goal rather than really taking the effort needed to find the best and the brightest candidates from diverse backgrounds to fill the role.” Although the CEOs we interviewed indicated that there are some very good, diversity-oriented search firms out there, most of them reported that they rely primarily on creating a culture of expectations among internal staff members responsible for recruitment and most indicated that they use informal networks as a primary recruiting pool.

Executives of some of the smaller health foundations surveyed indicated that having a limited number of staff positions coupled with low staff turnover rates has, in some cases, made achieving desirable diversity especially challenging. Other health foundation leaders we consulted have had less difficulty recruiting diverse staff members but have encountered challenges in retaining staff over time. Some of the barriers to retention include a lack of career ladders that provide employees with a clear path to move up in the organization, a general lack of professional training for staff entering philanthropy and natural attrition rates that sometimes appear to be higher for diverse professionals. Given the various factors that influence staff tenure, it is often difficult for foundations to achieve diversity even when it is a priority. Much of this has to do with structural as well as cultural considerations – factors that in the context of organized philanthropy simply seem to leave people to find their own way. As Chet Hewitt, President and CEO of the Sierra Health Foundation noted, “Entry to philanthropy is rather ad hoc. Intrepid individuals who care about social good find their way in, but there is no systematic attempt to build a new generation of [philanthropic] leadership.”

According to Dr. Lauren LeRoy, President and CEO of Grantmakers in Health, many health foundations seem to be doing an increasingly better job with diversity at the senior executive/CEO level and at the entry- and program officer-level. Much less robust and consistent success seems to apply when considering the senior management levels. Leadership at both The California Endowment and the Robert Wood Johnson Foundation has squarely acknowledged this challenge. Both Dr. Ross at the Endowment and Dr. Risa Lavizzo-Mourey, President and CEO of RWJF, have experienced great success recruiting diverse entry-level program staff from around the country. However as Dr. Lavizzo-Mourey pointed out, philanthropy executives rely on more senior level program staff to bring years of practitioner experience and/or academic content expertise to bear on strategic and day-to-day decision-making responsibilities. Both TCE and RWJF leaders cited heavy competition both from within and outside of philanthropy for top candidates, with content expertise being especially difficult to secure when seeking to appoint diverse middle management executives to fill what amounts to a very small number of positions nationwide.

Finally in terms of retention, assessing who will succeed or not within a pre-existing organizational culture is no easy task. In the end, diversity – and all of its associated challenges of aligning often competing differences – needs to be managed. The question is ultimately one of balancing. As one CEO reflected, “to what degree do you hire and manage to fit the existing culture and to what degree do you stretch the envelope and bring in new voices, allowing the culture to reshape from within?”

Interestingly, more than one field executive we interviewed indicated that conflicts among staff were just as likely to arise from people with different professional backgrounds as different ethnic/racial, gender or sexual orientation backgrounds; that is to say, conflicts can as easily arise between foundation staff members with different academic training, levels of exposure to community non-profit culture or knowledge of health policy processes. These issues in turn can be amplified by the understandably rigorous peer review process health grant makers and other foundations employ to

achieve their program objectives. This process can be intimidating to even the most seasoned and intelligent newcomers to philanthropy – especially individuals who are new to the worlds of private wealth and privilege that inform most charitable giving in America. Gary Yates informed us that it took several years to work through various cultural tensions within his organization as it diversified, despite his best efforts to maintain an open door policy of communication and fair dealing as problems arose along the way. Dr. Lavizzo-Mourey of the Robert Wood Johnson Foundation has utilized an internal mentorship program to help new staff members acculturate.

Given the particular complexities that apply in this area, it is impossible to point to single-shot response strategies; but the leading health funders interviewed for this report agree that harnessing staff diversity as an asset for achieving greater organizational effectiveness and impact is ultimately what is most important.

### ***Staff Recruitment and Retention—Summary of Best Practices***

- Maintain a diverse pool of candidates through constant formal and informal outreach efforts by board and staff members
- Use established networks of multicultural community-based organizations to help recruit diverse candidates
- Create a culture of expectation that positions diversity as an institutional priority among human resources staff
- Pair new staff members with internal mentors
- Maintain open communications – a CEO “open door” policy, acknowledging and facing problems when they arise and working through them (rather than denying or ignoring them)
- Recognize the multifaceted nature of diversity in practice: differences in race and ethnicity, gender, sexual orientation, class, professional background and point of view can create organizational tensions that need to be managed proactively
- Build an environment that supports a constructive application of diverse viewpoints to achieve expanded institutional effectiveness and impact

### **PROGRAM INVESTMENTS**

The nature of the work supported by health foundations leads naturally to the desire to fund programs and grantees that serve diverse populations in a culturally competent manner. And as indicated previously recent studies like the 2002 IOM report underscore the programmatic necessity to invest in diversity issues in order to achieve lasting results. From monitoring grant portfolios to address the needs of diverse population groups, to collecting information on the governance and staff representation of grantee organizations, health foundations apply a wide range of practices to advance inclusivity through their program investments. Some common themes, challenges and innovative approaches are delineated below in various aspects of foundation programming.

#### ***Grantmaking***

None of the foundations we interviewed mandates the distribution of grants using any sort of population-based formula, nor do they advocate for such a proscriptive approach to achieving balance and diversity in their grant making. More commonly, these



foundations build a culture of expectation and practice throughout the grant review process that considers diversity as a key aspect of organizational effectiveness.

For example, Healthcare Georgia Foundation routinely asks for information about populations served in its grant application. Larger foundations, on the other hand, have often found the systematic collection of this type of information administratively prohibitive, especially early on in the application process given the large number of grant requests they process. Nevertheless, most of the foundations we surveyed increasingly put special language about the importance of diversity in their public information materials, on their web-sites and in Requests-for-Proposals (RFPs).

Further down the grant making process, it is often the case that the population being served (or community need being addressed) is delineated in a special section of the grant write up. And, if diversity issues are not addressed specifically in the write-up, they may arise at the program officer peer review level or in reviewing a program officer's evolving portfolio of grants either at the senior staff or board level.

As one executive we surveyed put it, "the more senior managers and board members ask the question of program staff (regarding diversity), the more program staff understand the importance of diversity to the institution and the harder they work to find organizations closer to the ground serving special and sometimes hard-to-reach populations." Another leader we interviewed noted that having a diverse staff helps the foundation to find and cultivate non-traditional community partners, but cautioned against giving any staff member even a hint of the idea they were hired to bring forth grants representing only their own ethnic community or professional background. Indeed, several of the executives we consulted indicated the importance of encouraging broad-based cultural competency at the staff level so that even if certain groups are not directly represented on staff, they are consistently considered in the program development process.

TCWF provides a particular case in point. In recent years, the Foundation's staff has supported start up grants to organizations serving California-based East African refugees and indigenous Oaxacan immigrants, despite having no one on staff who emanates from either of these emerging communities. Finding and supporting such groups did not require having individuals from the relatively small communities in question on the Foundation staff, TCWF president Gary Yates observed; rather, Foundation support to those groups resulted from an organizational culture and practice that intentionally encourages outreach to and proposals from vulnerable, underrepresented populations.

The CEOs we consulted indicated that what is most important is having program staff who collectively represent diverse backgrounds and approaches, and who can challenge each other to look harder and deeper to find organizations and projects worth funding in communities extending well beyond their own personal reference points. Thus, creating diverse portfolios becomes more of the goal than any grant-by-numbers calculation. Some foundations are beginning to affirmatively reward program staff members and teams that master this inclination. The Robert Wood Johnson Foundation, for example,

encourages rewards and incentives for diversifying portfolios including program staff recognition and opportunities for expanded grant making resources.

#### ***Grantmaking—Summary of Best Practices***

- Use the grant review process to instill diversity expectations among staff at every step along the way to securing institutional approval of their recommendations (from application/RFP formulation to grant write-ups, and from site visit protocols to peer, management and board reviews)
- Establish an organizational culture that decidedly supports the selection of diverse grants by continuously “asking the question” of program staff: Are we doing as much as we can to diversify our grants portfolio in ways that effectively advance our core mission and program objectives?
- Provide tangible incentives to produce more diverse portfolios, including staff recognition and advancement opportunities

#### ***Grantee Governance***

As stated earlier, the health grant making executives and institutions surveyed for this report are universally committed to funding programs that serve or otherwise support (often through advocacy) health improvements for the United States’s increasingly diverse populations in need. Ensuring that foundation grants recipients are reflective of diverse grassroots groups that most require social investment support is increasingly seen as an essential part of fulfilling this charge. Fostering informed governance and leadership at the community nonprofit organizational level to help champion diversity enhancement work is central in this connection. More than ever, health grant making executives see grantee knowledge of diverse communities and their needs as a prerequisite to achieving better and more sustainable outcomes. Some field leaders, like Healthcare Georgia Foundation, thus routinely seek and analyze diversity-related data related to grantee governance and staffing; other health funding leaders regularly solicit such information in their pre-grant review processes.

There are many complexities involved in foundation efforts to encourage grantees to more broadly diversify their boards and executive staffs, but in the end they boil down to community capacity issues. Often, rapidly shifting demographics within communities make it difficult for surrounding CBOs to keep up with resulting changes in need and demand. Immigrant and refugee influxes, rural-to-urban migration and other transformative population dynamics, for example, have dramatically impacted established service areas in communities across the U.S. during recent years. As a result, many newcomer groups still lack organizational representation or services in places where long-standing community institutions have operated successfully for years focusing principally on the needs of other population groups. As a result, several leading health foundations have moved recently to support efforts intended to build nonprofit capacity and more effective advocacy on behalf of newcomer and other multicultural populations, programs and communities.

This is often complex and painstaking work. As Robert Wood Johnson Foundation’s Dr. Risa Lavizzo-Mourey points out, “We are looking at this now as a two step process:

building the relationships over time...and sticking with them to do the work.” Dr. Lavizzo-Mourey acknowledged that building capacity over time can be costly. “Sometimes we need to learn to take a long-term view rather than expect a return on the investment right away.” Crystal Hayling of the Blue Shield of California Foundation noted the importance of selectively supporting organizations with a higher risk profile, especially where doing so can help to move needed systems or policy change. She indicated, accordingly, that her foundation will sometimes provide support to emerging and perhaps less stable multicultural community organizations with an eye to helping them produce quality research and analysis for public advocacy purposes in ways that help to bolster and legitimate their allied work. Other leading health foundations like TCWF have decided to encourage non-profit capacity building and change in diverse communities of California by principally providing core-operating support, a practice shared by Healthcare Georgia Foundation.

Another challenge facing foundations seeking to promote grantee diversity at the governance level stems from their frequent need to utilize larger institutional intermediaries to achieve strategic program aims. Both large and small foundations alike have relatively limited staff considering their program goals related to public and community health. They are thus often required to rely on intermediaries to assist in the administration of programs, especially where specialized knowledge or technical assistance is required that foundation staff simply cannot provide directly. Still today, most large intermediary nonprofits focused on health issues lack diversity at the management and senior staff level. Encouraging change is tricky in this context. But many of the leading health funders we interviewed expressed a growing preparedness to challenge the status quo in collaboration with the most willing of their intermediary partners. More often than not, this involves consistent and constructive “signaling” from foundation staff over a period of time. One foundation we interviewed, for example, reported that simply by asking questions about diversity aims consistently through the life of a renewable grant, an important intermediary grantee organization with which it worked was motivated to significantly improve its diversity hiring record and to establish a diverse, high level advisory committee. By producing these outcomes, the intermediary partner ultimately received substantially increased supplemental (and even more long term) foundation funding. It also improved its positioning to be more responsive and grant worthy on allied programmatic fronts.

#### ***Grantee Governance—Summary of Best Practices***

- Inquire about diversity in grantee governance
- Incentivize CBO leaders to provide meaningful stewardship on the issues
- Find and encourage organizational leaders that are authentically committed to diversity and stick with them for the long run
- Ask questions about diversity at every opportunity to signal the foundation’s prioritization of inclusion as a core partnership and operating value
- Consider supporting grassroots advocacy efforts that help diverse – and especially newcomer – populations to gain more mainstream institutional attention to their interests and needs

### ***Program Planning and Outreach***

While health foundations ultimately make their strategic planning decisions at the board and senior staff level, several interesting mechanisms have been encouraged by the CEOs we surveyed to ensure input from diverse community sources during the course of strategic and programmatic planning. For example, Healthcare Georgia Foundation staff undertook a “statewide listening tour” before finalizing the Foundation’s strategic priorities in 2002. The tour enabled HGF trustees and staff to engage directly with a diverse cross-section of grassroots community and health leaders all across Georgia, to learn of their needs and concerns in ways that would help to inform more responsive grant making by the Foundation. Similarly a series of The Colorado Trust outreach campaigns included numerous efforts to seek program direction from a diverse group of institutional stakeholders, building on interviews and focus groups. According to The Colorado Trust President and CEO Irene Ibarra, The Colorado Trust frequently relies on such research and community scans to “ensure that programs are designed to address actual community and population needs, not foundation assumptions.”

With more and more emphasis on accountability and outcomes affecting the field in recent years, the importance of planning and investing strategically is perhaps more important than ever. Yet implementing purely foundation-driven initiatives can alienate communities and mitigate prospects for ultimate foundation success in the process. All of this suggests a need to advance foundation leadership with a simultaneous commitment to broad-based outreach efforts that create feedback loops involving many diverse leaders and groups whose interests are affected by philanthropic decisions. As HGF’s Gary Nelson points out, “There should be congruence between community needs and foundation strategic focus...Boards and CEOs have their strategic agendas, but community ownership is also an essential element of success.” Accounting for the real life dynamics of community perspective, therefore, turns out to be a central consideration related to institutional and program planning; and the broader and more diverse the constituency set that foundations reach out to, it appears, the more likely their probabilities of achieving their desired aims.

Robert Wood Johnson Foundation, the nation’s largest and most mature health foundation has rigorously institutionalized diversity into its program design processes through the establishment and work of an internal Diversity Committee. Chaired by the Foundation’s Chief of Staff, the RWJF Diversity Committee ensures that RWJF’s staff from the Chief Operating Officer and Vice President of Human Resources to program, evaluation and communications professionals are involved in and informed about the development of specific written diversity plans for each of the foundation’s seven priority areas.

While there is no one-size-fits-all approach to advancing diversity through institutional planning and outreach efforts, these areas of foundation engagement do suggest universal opportunities for enhancing philanthropic responsiveness and effectiveness. Accordingly, leading health funders such as those surveyed for this report do appear to factor these considerations into their work as a matter of course. Whether more informal or rigorous, the identified planning and outreach practices highlighted here speak to a certain degree

of intentionality in the approach of successful health funders where diversity promotion efforts are concerned.

### ***Program Planning and Outreach—Summary of Best Practices***

- Find and institutionalize ways to listen to community stakeholders through focus groups, listening tours and/or one-on-one consultations with diverse community leaders and experts
- Integrate diversity considerations and stakeholder consultations into the foundation's overall program planning process
- Use team-based diversity workplans as a platform for continuous, program-by-program improvement

### ***Special Programs and Initiatives***

Many health foundations including RWJF, TCWF, the Sierra Health Foundation and The Colorado Trust look to special initiatives – like leadership, fellowship and awards programs, to achieve programmatic goals and support the development of future health providers and experts from diverse backgrounds. They also frequently offer dedicated convening space to help multicultural groups engage in joint planning and exchange efforts – activities that both extend the benefits of foundation resources to such groups as well as expose foundation staff more fully to diverse grassroots leaders and their thinking.

TCWF supports annual multicultural leadership awards in various areas of Foundation program interest. The awards programs publicly acknowledge selected grassroots leaders' community health contributions and also provide financial support to awardees to encourage their continued efforts. RWJF often issues special calls for proposals from junior researchers, which has helped lead in recent years to the identification of new multicultural health leaders and practitioners. In addition, both the Sierra Health Foundation and TCE have made significant investments in the building and operation of community meeting spaces that are made available at no charge to diverse grassroots leadership groups actively pursuing health goals consistent with the foundations' philanthropic missions. According to Chet Hewitt "The Sierra Health Community Conference Center is one of the most effective ways our foundation makes our resources available to the broad diversity of local community groups in our area, year round."

In addition to the aforementioned activities, leading health funders concerned about diversity and effectiveness support a range of both singular and multi-foundation funding initiatives that inherently benefit diverse communities. Current or recent initiatives along these lines focus on issues including but not limited to: workplace diversity, cultural competency in healthcare service delivery, disparities in health, women's health, HIV prevention and universal access to health coverage. These substantive field initiatives on the part of health foundations underscore the health funding community's commitment to make thoughtful strategic investments that support society's most diverse and vulnerable populations.

### *Special Programs and Initiatives—Summary of Best Practices*

- Support future leaders through multicultural fellowships and other diversity-focused leadership programs
- Employ non-grant resources in support of diverse nonprofit leaders and groups (for example, make foundation facilities available at no cost to diverse leaders and groups for community planning meetings)
- Invest strategically (and where possible with like-minded grant making partners) in mission-based initiatives that principally benefit diverse populations

### **CONTRACTING**

In general, most of the health philanthropy executives we interviewed considered diversity in contracting “a consideration,” but overall it is not something that is reviewed or concentrated on as routinely or as comprehensively as staffing patterns or grants portfolios tend to be. Some foundations like the Blue Shield of California Foundation are confident their consultant base is diverse, as it relies upon the personal networks of associates and contacts known to the Foundation’s highly multicultural staff. Few of the funders we surveyed, however, have instituted more systematic approaches to augment contractor diversity. At the same time, more and more of the sorts of foundations featured in this report are beginning to think about diversity in contracting, particularly when there is a strong programmatic connection to their work in areas such as communications and evaluation.

Leading health foundations increasingly look to communications consultants with expertise in reaching particular demographic markets. Robert Wood Johnson Foundation, for example, has achieved particular success reaching diverse target populations under its children’s health coverage public information campaign by partnering with minority consulting firms with proven expertise in multicultural and non-English language communications strategies. Other funders, in addition to taking this approach, have additionally sought to incentivize historically non-diverse communications contractors to diversify their human resources and skill sets through the competitive bidding process. TCE staff reported to us, for example, that it has increasingly prioritized cultural competency requirements in its communications RFPs, resulting in larger and more traditional communications firms seeking partnerships with smaller niche firms specializing in diversity content in order to enhance their bidding competitiveness.

Cultural competency in evaluation is also an issue of growing concern at U.S. health foundations. Seen as an essential means to improve program outcomes over time, evaluation has historically guided foundation decision making about where and how most strategically to place social investment resources. But traditional evaluation protocols are unfortunately lacking in capacity to capture many of the dynamic new variables that are presenting themselves in light of the nation’s and the world’s growing socioeconomic and cultural diversity. The Colorado Trust recently published a report and a bibliography of best practices related to cultural competency in evaluation, reflecting a great deal of emerging knowledge about ways to better capture diversity considerations in foundation assessments of impact.

One of the chief considerations in this area, however, concerns more than “how to” knowledge; also of growing concern and need is the issue of under-representation of diverse professionals in the ranks of foundation evaluators. Despite the growing body of intellectual knowledge the evaluation field has recently built in relation to diversity and best practice, there is still a significant shortage of woman and people of color in the field. Just as investing in building the capacity of grantees is necessary, many leading health foundations are beginning to think about helping to build multicultural expertise within the evaluation field in ways that can help better to support the needs of funders and grantees alike.

To support inclusivity in contracting from a more comprehensive standpoint, the Robert Wood Johnson Foundation, in another noteworthy practice, has developed a foundation-wide database of consultants within self-identified fields of expertise and diversity. While this type of database management system may not be practical for all foundations, it underscores the importance of proactively investing in and maintaining capacities, strategies and systems that advance foundation diversity goals and interests through the strategic deployment of consultants and contractors.

#### **CONTRACTING—SUMMARY OF BEST PRACTICES**

- Actively develop and maintain a database of potential consultants, focusing on diversity and cultural competency as essential contractor selection considerations as project opportunities arise
- Insert language into RFPs that invites and encourages applications from diverse individuals and firms
- Support the professional development of fields like communications, research and evaluation by training and employing diverse professionals in these areas who can be deployed in the social investment sector

#### **TRACKING AND REPORTING**

Health foundation practice and leadership viewpoints related to tracking and reporting diversity in board and staff appointments, program investments and contracts vary. Some health foundation leaders we consulted applauded recent efforts of the Center for Effective Philanthropy (CEP) to collect and publish voluntary data about board and staff composition. “It helps keep us accountable and better positions us to leverage our efforts to diversify,” said Irene Ibarra of The Colorado Trust. Many leading health grant making organizations already collect considerable internal data covering selected diversity variables. In most cases, this sort of information remains internal to the foundation and thus non-public. Mirroring CEP’s efforts to encourage broader transparency, Dr. Ross, CEO of The California Endowment wants to develop and periodically publish a “diversity report card,” which would include publicly reporting TCE’s staff diversity, as well as its grantee and vendor diversity performance.

Other foundation leaders we interviewed raised concerns about reporting of this kind becoming an administrative burden to their staffs and/or grantees. They preferred rather to keep their monitoring and reporting on diversity-related performance issues more targeted and internal. Many of the leaders we surveyed for this report acknowledge the

limitations of self-reported data, not in terms of any intended deception but rather in terms of consistency and dependability where industry-wide analysis and action are concerned. This is because each foundation taking initiative in this area typically develops its own particularized system of accounts related to diversity reporting.

For example, Healthcare Georgia Foundation utilizes a customized computer software program that tracks a wide range of macro- and micro-level diversity data about grantee governance, staffing and populations served, as well as topical issues covered by HGF programs. Nelson and his senior staff periodically monitor these data and report significant developments to the Foundation board, making adjustments as deemed necessary along the way on the basis of resulting analysis and internal discussion. While this is a commendable best practice, it may not be readily applicable to other foundations.

Indeed, there is presently no universal standard accounting system that health or other foundations can employ to achieve a more accurate field-wide performance tracking and self-correction capacity. Some field critics have expressed skepticism about the veracity of self-reported foundation performance on the issues as well as the inherent limitations of foundation-by-foundation self assessments which often draw on divergent variables to assess overall field impact. Yet tracking and reporting internally remains an important goal for most health foundation CEOs.

#### **TRACKING AND REPORTING—SUMMARY OF BEST PRACTICES**

- Be proactive in tracking data about foundation and grantee staff and board diversity, as well as inclusivity in contracting
- Use GIFTS or other grants management software programs to accumulate and analyze foundation data on populations served, as well as grantee organizational diversity
- Customize data collection and reporting mechanisms to enable the foundation to track, analyze and periodically report on its diversity performance at both the macro and micro levels

#### **CONCLUSION**

When considering diversity in philanthropy, even leading health funding institutions across the U.S. that have achieved great strides related to inclusivity face persistent challenges in this area. By their own account, some of the lingering considerations that continue to vex even the successful executives we interviewed for this report include:

- recruiting diverse board members and senior management staff;
- retaining diverse program staff over time;
- tracking diversity in grant making and its relative impacts; and
- addressing historical under-funding in various diverse communities in need.

At the same time, it should be noted that each executive we spoke with articulated a deep commitment, along with concrete institutional goals and a specific agenda to address these persistent challenges in the months and years to come. Whether it is bolstering diversity at the board and staff level, among grantees or contractors; improving monitoring and reporting mechanisms; or expanding the breadth and representation of



foundation networks, each leader we consulted expressed a deep personal interest and passion relative to the issues. In effect, given the impressive records of their respective organizations in the diversity space, these executives told us without saying it in so many words that dedicated leadership and commitment from people just like them are also essential elements – maybe even the most essential of all elements – in the journey to achieve enhanced diversity and effectiveness in the field.

#### **PROSPECTIVE APPLICATIONS TO OTHER PHILANTHROPIC LEADERS AND INSTITUTIONS**

The health foundation CEOs interviewed for this report invest their time and resources in promoting diversity at their foundations because of its importance to their missions to support underserved populations, because science-based evidence in the community health fields surfaces diversity as a critical means of achieving effectiveness in their work, and because civil society relies on diverse leaders and perspectives for effective health policy and decision making.

Foundation leaders in organizations with missions not so aligned with issues of diversity and inclusivity or in fields where the evidence supporting investment in diversity issues is not as pronounced may ask about the practical relevance of the information conveyed here to their own work and institutions. The CEOs we interviewed and the sponsors of this report firmly believe the lessons contained herein are real and applicable to all types of private grant making organizations, though clearly their applications may vary from one institutional context to another. We think readers of this report representing different kinds of foundations will especially benefit accordingly from reviewing the addendum document to this report entitled “Executive Tips.” We strongly encourage you to review those tips and to tell us what you think.

## **Addendum**

### **EXECUTIVES' TOP TIPS**

At the close of each interview informing our report on diversity in health grant making, we asked the leading health foundation CEOs we consulted to respond to a hypothetical question; namely, if they were to sit down with a new foundation CEO interested in promoting diversity within his or her foundation, what would be 5-7 basic tips they would recommend he or she apply to advance this agenda? We did not specify that the advice had to be for a colleague in health philanthropy; rather, we talked about foundation leaders in general. Following is a synthesis of our interviewees' collective (and very informative) responses.

#### ***Self Assess***

Know where you stand personally on the issues and why. Assess levels of diversity interest and commitment at the board level. Conduct an internal assessment of organizational diversity and cultural competence, and identify areas that need to be improved. Use the assessment to develop goals and strategies for improvement. Review your mission and consider how pursuing diversity and inclusivity can help to advance mission fulfillment.

#### ***Get Your Board to Adopt a Diversity Values Statement or Policy***

Have an in-depth dialogue with your board about diversity and how it relates to the mission and potential effectiveness of your foundation. Recruit board leaders to become the institution's leading champions on the issues. Ask the board to adopt a values or policy statement that prioritizes active attention to diversity and inclusiveness issues as a matter of institutional relevance and effectiveness.

#### ***Use the Diversity Statement or Policy to Align Your Organization and to Educate***

Whether it is a core value statement about respect for diverse opinions or an explicit diversity and inclusiveness policy statement, keep it alive within the organization. Refer to and use it strategically for board and staff development purposes; post it on your website and in publications for public signaling purposes; and refer to it as much as possible when developing or discussing other policies and procedures.

#### ***Develop a Diversity Agenda and Commit to It***

Once your internal assessment is complete, however formal or informal it may be, make a plan of action and commit to increasing diversity in identified areas of need, focusing especially on the board and key leadership positions. Once you are clear on your agenda, take action and be consistent. Lead by example, and others will join you.

#### ***Create a Diversity-Friendly Environment for Staff and Grantees***

Strive to provide meaningful work for staff of all backgrounds. Support the acculturation process for new staff, focusing support resources especially on diverse staff professionals that may have had limited exposure to private philanthropy. Provide incentives, recognition and rewards to encourage all staff members to value and celebrate diversity

in all of its facets. Similarly, ensure a supportive reception and environment for diverse grantee leaders. Organize periodic formal and informal exchanges with diverse grantee leaders that help to forge stronger relationships and trust between diverse community nonprofit leaders and key foundation staff.

### ***Manage Conflict Proactively***

Institutional diversification can lead initially to new conflicts and issues within and outside of the organization. It is thus essential to be tolerant of difference and some related interpersonal discomforts that simply come with the territory. Be conscious of managing tensions constructively and consider obtaining qualified outside support, if necessary, to facilitate necessary adjustments for all concerned. Maintain open dialogue and address problems as they arise, rather than letting them fester. Seek to resolve tensions by encouraging diverse team members and community partners to concentrate on the human and institutional goals they share in common.

### ***Develop New Leadership***

The task of creating a more diverse and responsive philanthropic enterprise requires a large measure of investment in new talent that in turn reflects the nation's increasingly diverse populations. Invest accordingly in young people of various diverse backgrounds to foster a new generation of more representative field leadership. Pursue this work through intentional new initiatives in institutional hiring and mentoring, as well as through support for philanthropy-focused fellowships and leadership development programs.

### ***Do Your Homework***

Understand the communities and populations you are intending to serve and do business with. Do not merely make assumptions about them based on staff presumptions, statistical data or expert reports. Seek direct information, advice and related input from key informants who are themselves representatives of the various diversity constituencies in your community or geographical areas of focus. Consider developing an advisory board of multicultural leaders to help inform foundation thinking related to diversity programming and policy.

### ***Review and Strengthen Grantmaking Policies and Procedures for Improved Diversity***

Look for ways to instill a "diversity lens" throughout your grant making process. Consider ways to make applications, write-ups, peer reviews and board briefings more reflective of diversity considerations. Review and update all foundation policies and procedures with an eye to making them more diversity-friendly. Keep asking the question: "Have we done everything we can to achieve greater diversity and, with it, better outcomes in our work?"

### ***Build CBO Capacity in Diverse Communities***

Proactively seek out organizations closest to diverse communities in your key areas of institutional and program prioritization. Nurture their growth by investing in capacity enhancements and sustainability strategies. Stick with diverse grantee partners wherever

possible for the long run, treating them as partners and allies rather than clients or burdens.

***Collect and Periodically Report on Key Diversity Performance Data***

Collect diversity data on staff, board, program investments and contracting. Use the data to monitor progress and readjust and refine diversity goals over time. Where possible, provide periodic public accountings of the foundation's efforts to achieve or improve performance in key diversity domains. Report lessons learned and strategies that did not work as well as those that did.

***Don't Give Up***

Be persistent; be tenacious. Know that it takes time to achieve meaningful and lasting institutional diversification. Clearly, this is hard work, but not work that is impossible or insurmountable. Indeed, positive results are possible in this area and certainly worth it.