



# DELAWARE VALLEY GRANTMAKERS

*The Region's Forum for Philanthropy*

## “Philanthropy and Leadership”

by

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**DELAWARE VALLEY GRANTMAKERS**

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It is a real delight to be back in Philadelphia and to be reminded of the wonderful relationship I enjoyed with the Delaware Valley Grantmakers during my fourteen years as President of the Council on Foundations.

Since I left the Council, I have spoken with many people in the United States and around the world about how best to meet the leadership needs of the 21<sup>st</sup> century. Some spoke of a need for a new civil servant who understands that bureaucracies can be both efficient and humane. Others spoke of the importance of political leaders who seek power to disperse it rather than simply dominate it. Some talked about the need for business leaders who understand that ethics is good business; that running a morally sensitive corporation can contribute directly to the bottom line. Others talked about the need for leaders in civil society who understand that they are custodians of values as well as resources.

When I analyzed what I kept hearing, I realized the need to think of leadership as a way of being rather than simply a set of competencies. Let me give you an example of why I reached this conclusion. It was my good fortune during my years as the United States Ambassador to South Africa to work with Nelson Mandela, one of the greatest leaders of the modern era. Heads of State and royalty from around the world still beat a path to his door to seek his advice on the issues of our time and, of course, to seek a photo op so that they can prove that they have been in the presence of this great and wise man. President Clinton once said of him that when he entered a

room, we all stood a little taller. We all felt a little bigger, for in our best moments we wanted to be like him.

This is high praise for a man who had been incarcerated for twenty seven years, a man who went from political prisoner to president. He was in prison while the world economy was becoming interdependent. He was in prison while we were developing the internet. He was in prison while we were learning the potential of the cell phone. He was in prison while we were being seduced by the notion that experience trumps wisdom and judgment. But he came out of prison, took over the leadership of his party and his country and never missed a beat because for him leadership was a way of being rather than simply the mastery of a set of specialized skills or management competencies.

### **Moral Intelligence**

I want, thus, to speak today about four dimensions of leadership as a way of being that are especially relevant to a consideration of leadership in philanthropy. The first is moral intelligence, the idea that foundation trustees and staff are custodians of values as well as resources. My good friend Paul Ylvisaker, who was for a time the moral voice of philanthropy, liked to describe it as a salt that cannot be allowed to lose its savor, as a distinctive function that like religion stands eventually and essentially on its moral power. In a memorable speech in Atlanta in

1987, he warned against allowing an alien spirit to attach itself to philanthropy. To foundation trustees, he said “Guard the soul of your organization, even from your own pretensions ... Be willing to open up the black box of philanthropy to share with others the mysteries of values and decision-making.”

To foundation managers, he said “Guard your own humanity ... If you lose your own soul – whether to arrogance, insensitivity, insecurity, or the shield of impersonality, you diminish the spirit of philanthropy.” To all associated with philanthropy, he said, “never lose your sense of outrage ... There has to be in all of us a moral thermostat that flips when we are confronted by suffering, injustice, inequity, or callous behavior.” Where is the moral outrage in philanthropy?

But while we emphasize the need for moral intelligence, we will need to be clear about the civic virtues we seek to cultivate. For much of the last decade, the national conversation about values has been dominated by those virtuecrats who have been preoccupied with the private virtues that build character, the micro-ethics of individual behavior. We in philanthropy must be concerned, on the other hand, with the public values that build community, the macro-ethics of large systems and corporate institutions. In his book *Moral Man and Moral Society*, the great moral theologian Reinhold Niebuhr argued that while we know a lot about how to apply morality to our individual existence, we know very little about how to apply it to our aggregate existence, whether as nations, organizations or communities. I recall this today because while religious groups do a good job of affirming moral absolutes, leadership in philanthropy often requires us to cope with moral ambiguities.

Far too many of those who talk about good values do so to suggest that someone else has bad values. We need to help depoliticize the concept of virtue to use it in ways that heal rather than hurt, uplift rather than

downgrade, open up communities rather than simply appeal to old stereotypes and traditions.

### **Emotional Intelligence**

The second dimension of leadership as a way of being is what we have come to know as emotional intelligence. Daniel Goleman, the researcher who wrote a book on the subject, studied 200 leaders and concluded that leadership is more art than science. The central thesis of his study is that while the qualities traditionally associated with leadership are important, they are not sufficient. The qualities that made the leaders he observed effective were self-awareness, self-regulation, empathy and social awareness.

Emotional intelligence, then, is especially appropriate for leadership in philanthropy where we struggle daily to balance the compassion of the heart with the rational objectivity of the mind. I have found through my work in Louisiana that foundations too often miss a great opportunity to have a major impact in responding to disasters because we use our resources primarily for charitable relief and provide very little for critical reform. Let me explain. There are really three stages in the response to a disaster: relief, recovery and reform.

The first stage is the time when the disaster is most dramatic, the public attention most pervasive and the public response most immediate. Survival is at stake and there is an outpouring of public support to provide relief from suffering and to maintain order. The next stage in the disaster continuum is recovery, taking stock of what had happened, rebuilding the infrastructure and seeking to return life to normalcy. The third stage shifts the crisis response paradigm to the need to improve pre-existing conditions, to rebuild smarter and better than before. My experience with Katrina is that private donors, especially individuals and charities, provided billions of dollars for relief and

the government is providing billions of dollars for recovery, but neither sector has provided very much for reform. That is why the Louisiana Disaster Recovery Foundation, whose board I chair, decided that one of our priorities would be the strengthening of the nonprofit sector in Louisiana to participate more effectively in the public life of the state, to give a voice to those traditionally without a voice and to ensure that places like New Orleans are rebuilt better than they were before the disaster.

### **Social Intelligence**

The third dimension of leadership as a way of being is social intelligence, what Goleman meant by social awareness. It is our peculiar destiny to live in a nation, indeed, a world that is integrating and fragmenting at the same time. The more interdependent we become the more people are turning inward to smaller communities of meaning and memory.

While some find this as reason for despair, it may be that remembering and regrouping are part of the first stage of the search for common ground. As I travel around the world, I hear more and more people saying that until there is respect for their primary community of identity they will find it difficult to embrace the larger community in which they function. The principle by which we need to function is one I often quote from the African American mystic, poet and theologian Howard Thurman who was fond of saying “I want to be me without making it difficult for you to be you.” Can you imagine how different our world would be if more Americans were able to say “I want to be an American without making it difficult for an Arab to be an Arab, an Asian to be an Asian or an African to be an African?” Can you imagine how different our neighborhoods and communities would be if more of us were able to say “I want to be a Christian without making it difficult for Jews to be Jews, Muslims to be Muslims and Buddhists to be Buddhists.”

So how do we build community? It has been my experience that when neighbors help neighbors, and even when strangers help strangers, both those who help and those who are helped are not only transformed, but they experience a new sense of connectedness. Getting involved in the needs of the neighbor provides a new perspective, a new way of seeing ourselves, a new understanding of the purpose of the human journey. When that which was “their” problem becomes “our” problem, the transaction transforms a mere association into a relationship that has the potential for new communities of meaning and belonging.

In other words, getting people to do something for someone else – what John Winthrop called making the condition of others our own – is a powerful force in building community. When they experience the problems of the poor or troubled, when they help someone to find cultural meaning in a museum or creative expression in a painting, when they help to dispel prejudices or fight bigotry directed at their neighbor, they are far more likely to find common ground, and they are likely to find that in serving others they discover the genesis of community.

Social intelligence also influences how we do our work internally. I like to think of organized philanthropy as the source of at least five forms of assets, 1) conventional, capital; 2) social capital; 3) intellectual capital; 4) moral capital; and 5) reputational capital.

Let me say a word briefly about creative leadership in managing each of these assets, beginning with **conventional capital**. We tend to see ourselves as grantmakers. I wonder how much our impact would increase if we started to see ourselves as the Heron Foundation does as harnessing all of our financial power to achieve our mission. With over \$500 billion of assets, philanthropy in the U.S has greater power, opportunity and responsibility than implicit in the 5%

of the asset we spend in grantmaking. The question for leaders of the future is “Should a private foundation be more than a private investment company that uses some of its excess cash flow for charitable purposes.” At Heron where I serve as a trustee, we have decided that we should put the weight of our financial resources to work in service to our mission, and we have done so while continuing to grow our assets for use in perpetuity.

The second set of strategies for serving a public good has to do with **social capital**. Robert Putnam has popularized the concept and used it to refer to the idea of networks, norms, social trust and voluntary cooperation for mutual benefit. But Putnam, like Alexis deTocqueville and Robert Bellah before him, has not sought to apply the concept to foundations.

Communities throughout the United States have been experiencing a population shift that has brought new neighbors who are fueling the economy and a new middle class of color that provides the potential for a new, but stronger, civic culture. While there is a tendency to think of these groups only in relation to the demand side of philanthropy, many are now in a position to contribute to the supply side. But before we can fully engage them in a common effort to build philanthropy, they must be made to feel that they belong, that their traditions are respected and their contributions recognized.

Consider for a moment how deep and enduring are the giving and helping traditions of some of the groups that are changing the face of our civic culture. As early as 1598, Latinos in the Southwest formed mutual aid groups to assist members with their basic needs by serving as vehicles for self-help, social cohesion and a positive group identity.

Long before deTocqueville became the most quoted, and probably the least read, expert on American civic life, Benjamin Franklin had become so enamored of

the political and civic culture of the Native Americans he met in Philadelphia that he advised delegates to the 1754 Albany Congress to emulate the civic habits of the Iroquois.

Long before Martin Luther King wrote his *Letter from a Birmingham Jail*, African Americans had formed so many voluntary groups and mutual aid societies that several states enacted laws in the nineteenth century banning black voluntary or charitable organizations. Long before Robert Bellah wrote *Habits of the Heart*, Neo-Confucians in the Chinese community were teaching their children that a community without benevolence invites its own destruction.

The point I am making is that while the benevolent traditions of the new groups are deep and enduring, many of the newcomers have a limited knowledge of the techniques of organized giving in perpetuity. The whole of the community can benefit from targeted efforts both to activate the latent charitable impulse and to provide information on the many incentives and options for organized giving.

Social intelligence in philanthropy also includes **intellectual capital**. Foundations have access to information, ideas and practices that can help shape community discourse and help strengthen community development. Many of the nonprofits we fund are engaged passionately in public life, but like Thoreau at Walden Pond, many build castles in the sky and then set out to put foundations under them (No pun intended). Foundations can help them to ground their passion into persuasive evidence by providing not just money but knowledge, data and useful information.

Another aspect of social intelligence has to do with what Robert Putnam called **reputational capital**. This is often one of the most overlooked contributions that foundations can make. Like conventional capital for conventional grantmaking, foundations can use their social capital as a kind of collateral for those whose

formal credentials and written proposals under state their potential and reliability. A grant is a good housekeeping seal of approval that says to other potential funders and the larger community that the foundation has done due diligence and find this organization credible, accountable and effective.

### **Spiritual Intelligence**

That brings us to the final dimension of leadership as a way of being. It is spiritual intelligence, the openness to the unknown, the recognition that we are part of something bigger and more mysterious than the self; the willingness to find time for personal and spiritual renewal. The needs of our society are so great and the opportunities to make a difference so demanding that many of us forget about the need for renewal. The leadership industry, with its hundreds of institutes and proliferating programs, rarely focuses on how to avoid burnout and what to do for emotional, spiritual and intellectual renewal.

As Chair of the Louisiana Disaster Recovery Foundation, I run regularly into leaders in the nonprofit sector who are suffering from burnout. They have been on the frontlines of response to the disaster around the clock for more than two years. Yet, they regard renewal as a selfish indulgence rather than a way of re-tooling to serve others more effectively. Let me give you an example of the problem, for it is both important for how we lead our organizations and what we choose to fund. Stephen Covey tells the story of a man walking in the woods who comes upon a logger cutting down trees. He

asks the logger how he's doing and the logger replies "Not so well, I was cutting down lots of trees this morning, but for some reason it is much slower work this afternoon." The passerby then says "Why don't you stop and sharpen the saw" The logger replies "I can't do that, I have too many trees to cut." That is a problem that we have not adequately addressed in the nonprofit sector or in our own foundations. We need to provide time for both foundation staff and those they fund to stop and sharpen the saw.

So now you understand why I emphasize leadership as a way of being rather than simply a set of competencies. When you return home at the end of this gathering and ask yourselves what is effectiveness in philanthropy, I urge you to remember that when you do your job well you are not only providing help but you are also providing hope. Vaclav Havel put his finger on the potential you embody when he wrote "I am not an optimist because I do not believe that every thing ends well, but neither am I a pessimist because I do not believe that every thing ends badly. I could not accomplish any thing if I did not carry hope within me, for the gift of hope is as big a gift as the gift of life itself."

When you face the challenge of not enough money to meet the magnitude of the many opportunities you see, just remember that when you provide hope you provide something that is as big a gift as the gift of life itself.

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