

Former congressman seeks to recast grant-maker organization as a leader in the world of philanthropy

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When Steve Gunderson took the reins of the Council on Foundations, he discovered an organization that everyone loved to hate.

"It had become almost the main game in town, to complain about the council," he says. "There was such negativity. I think the staff felt besieged, I think the board felt challenged, I think the field was suspect about the council."

An affable and energetic former congressman from Wisconsin, Mr. Gunderson has spent the two-and-a-half years since trying to transform the organization — which represents more than 2,000 grant makers — from a group focused mainly on providing member services into a leader of the rapidly changing philanthropic world. And while he has not stemmed all criticism, Mr. Gunderson is earning high marks from many nonprofit observers for increasing the association's visibility and its willingness to work with others to promote philanthropy.

Competing Demands

One of his most daunting challenges has been figuring out how to reconcile the needs of members of radically different shapes and sizes — small family foundations, community foundations, corporate foundations, traditional behemoths like the Ford Foundation, newer megafoundations like the Bill and Melinda Gates Foundation, and a growing number of living donors taking new approaches to giving.

"Trying to figure out how do you serve them was almost an impossibility," says Mr. Gunderson. To complicate matters, he says, departments within the council's headquarters were competing against each other rather than developing a "holistic approach" to serving members.

Urged by the board to break down the "silos," Mr. Gunderson offered a plan at his first council board meeting. Why not hold a "leadership summit" in 2008, a presidential-election year, to unite all types of grant makers from around the world — a big, dramatic event that would get the participants to see themselves as part of a "movement"? For one year, the council would forgo its traditional separate conferences for family foundations and community foundations.

The board agreed, and Mr. Gunderson's dream was realized last week, when more than 3,000 foundation, nonprofit, business, and political leaders gathered just outside Washington for discussions on both nuts-and-bolts questions about foundation management and big-picture issues like climate change and the economic downturn.

The ambitious nature of the conference reflects the fresh approach Mr. Gunderson has brought to the council, which began as a small association of community foundations in 1949

and has steadily grown to represent foundations with more than \$300-billion in assets.

Mr. Gunderson has especially made his mark in the political arena. He took the helm of the council just as the Senate Finance Committee was stepping up its scrutiny of charity abuses and threatening to crack down on some foundation practices — and he immediately started teaching council staff members and foundation leaders how to influence legislation, rather than just react to it.

"There is much more nimbleness in the government-relations function of the council than in all my 20-some years as an institutional member of the council," says Darcy Oman, chief executive of the Community Foundation Serving Richmond and Central Virginia and chair of the council's Community Foundations Leadership Team.

The council is also "new" in the physical sense. Mr. Gunderson organized a move of the group's headquarters last December from what he calls a "depressing" building in downtown Washington to a sparkling new, eco-friendly building here in the Northern Virginia suburbs — a change he says will save the council \$3-million over a 10-year lease.

Praising its high-tech features, such as lights activated by motion detectors, and its glass-paneled offices, Mr. Gunderson jokes: "We say it represents philanthropy — open and transparent."

Atypical Choice

Steve Gunderson was a somewhat unconventional pick to succeed Dorothy (Dot) Ridings as president. Ms. Ridings left the council in 2005 after heading it since 1996.

In fact, the council's search committee was originally looking for someone who had experience running a philanthropic or business organization, says Maxwell King, who chairs the council's board and headed the search committee.

But the board also knew the organization needed to move in a new direction and admired Mr. Gunderson's positive attitude. "There was a sense that with philanthropy having grown so enormously in the last 40 years, new attention was being paid to governance, accountability, to ethics, and we needed to rise to that challenge," Mr. King says.

Mr. Gunderson, 57, was best known for serving as a Republican member of Congress representing southwestern Wisconsin from 1981 to 1997.

Openly gay — Mr. Gunderson often brings his partner, Jonathan Stevens, to council conferences — he was the only Republican congressman to vote against the 1996 Defense of Marriage Act, which allows states to refuse to recognize same-sex marriages performed in other states.

After Mr. Gunderson left Congress, he served as a senior consultant and managing director of the Washington office of the Greystone Group, a management- and communications-consulting

firm. He became an expert on work-force issues and is a co-author of the book *The Jobs Revolution: Changing How America Works*.

Foundation Tour

Once he was hired by the council, the board directed Mr. Gunderson to meet with foundation and nonprofit representatives and policy makers and develop ideas for moving the council into a leadership role.

It also urged him to revamp the council's staff structure so it could better take on that more ambitious role.

Mr. Gunderson hit the road, spending about 60 percent of his time during his first two years traveling across the country to meet with foundation leaders. One of his first discoveries: "The foundation world was scared to death of what Capitol Hill was going to do to them."

Community foundations were especially worried about moves to regulate one of their key revenue sources — donor-advised funds, which allow people to donate money to a special fund and suggest which charities should receive support from it.

Many foundation leaders have faulted the council for not showing enough political leadership when Senate staff members issued a discussion paper in 2004 with ideas for regulating charitable activities. That paper led to the 2006 Pension Protection Act, which included measures to promote charitable giving but also placed restrictions on donor-advised funds.

Mr. Gunderson has since increased the council's government-relations staff from three positions to five and regularly invites members of Congress to council conferences (some of them tell personal anecdotes about working with him on Capitol Hill). Under his leadership, the council worked with the House to set up a bipartisan Congressional Philanthropy Caucus and is now working to set up a similar group in the Senate.

When Sen. Max Baucus, the Senate Finance Committee chairman, said he wanted foundations to give more money to rural areas, the council helped him set up a conference on rural philanthropy last summer in the senator's home state of Montana.

The council has drawn up an "Agenda for Philanthropic Partnership" that includes proposals to amend some of the new restrictions on donor-advised funds — for example, by repealing limits on their business holdings.

Rebecca Arno, vice president of communications at the Denver Foundation, praises Mr. Gunderson for visiting Denver twice ("that's unprecedented") and persuading her organization to visit Congressional offices in Washington during the council's annual Foundations on the Hill event. The grant maker already had good relations with its Congressional representatives, she says, but were persuaded by Mr. Gunderson that it should also get to know their staff members.

Gary L. Yates, chief executive of the California Wellness Foundation, in Woodland Hills, recalls

that when he joined the council in 1992, "the emphasis on membership services was palpable." He says Mr. Gunderson has shown leadership on issues such as the effort to encourage more diversity in areas such as race, gender, and sexual orientation in the foundation world.

Mr. Gunderson created a new position at council headquarters, director of diversity and inclusive practices (filled by Renee Branch last fall) and devoted a plenary session at last week's philanthropy conference to the subject.

After Mr. Gunderson was hired, Mark Kramer, managing director of FSG, a nonprofit consulting group in Boston, sent him a letter urging him to abandon the council's "protectionist" response to Congressional pressure and to place more emphasis on showing how effective foundations are.

"When Congress has raised questions, foundations have worked behind the scenes to use their political clout to lobby against legislative changes," he wrote.

Today, Mr. Kramer says, the council is a different place. "They really have adopted the perspective that it is important to demonstrate impact and effectiveness of donations as one element of making the case for sustaining the laws and policies that favor them."

Lingering Concerns

But Mr. Gunderson's successes have not erased some of the fundamental critiques of the council by outsiders. Dean Zerbe, former senior counsel to Sen. Charles E. Grassley, the senior Republican on the Senate Finance Committee, accuses the council of acting like any other Washington trade organization when it comes to protecting its members from regulatory scrutiny.

While Mr. Gunderson has improved the council's Congressional relations, he says, "in terms of dealing with ethical issues and problems in the charitable community, there's still a long ways to go."

Mr. King, the council's board chair, called Mr. Zerbe's criticism "outdated," noting that the council had set up a new process for disciplining members for ethical abuses — one it used to place the J. Paul Getty Trust, in Los Angeles, on probation in 2006 following accusations that it had misused funds.

But Mr. Zerbe stands by his criticism, saying the council has not done enough to crack down on the kind of abuses uncovered by a Boston Globe series in 2004 that highlighted lavish foundation spending on salaries, perquisites, and board fees.

William Schambra, director of the Bradley Center for Philanthropy and Civic Renewal at the Hudson Institute, a conservative think tank in Washington, says Mr. Gunderson has "opened up the council to a greater variety of points of view and approaches."

But he says the council still focuses too much on the mechanics of philanthropy and not enough on its "ultimate purpose" in the context of preserving democratic capitalism. "What is it

that philanthropy should be promoting? What is it should be standing for? Not just how we do what we do, how we measure outcomes."

On the left, Aaron Dorfman, executive director of the National Committee for Responsive Philanthropy, a watchdog group in Washington, says the council still fails to take bold action to encourage giving to help lower-income people.

"Fundamentally, the council is a trade association, representing the interests of its members, rather than an organization that represents the public interest, and that hasn't changed under Gunderson's leadership."

'More Influential'

Mr. King shares the view that Mr. Gunderson has made the council "more visible, more influential, more respected than two years ago."

However, he says the board last year became worried that his focus on external relations had taken a toll on internal operations. "There was generally a sense that things weren't working as smoothly, things weren't getting attended to," he says.

He says the board asked Mr. Gunderson to hire a chief operating officer to help manage the 90-plus staff members. Mr. Gunderson says he waited to fill that position, which was vacant when he was hired, because he wanted to learn more about the council and philanthropy — but wonders if he hesitated too long.

The council named Kristin Lindsey, founder of Intersector Consulting, a philanthropic consulting firm in Petersburg, Va., chief operating officer last August.

By Mr. Gunderson's own account, the council has experienced a relatively high staff turnover during his tenure; some people left as he reorganized the staff and others because they did not want to commute to the new headquarters.

The positions of chief financial officer and managing director of community-foundation services remain open.

The council appointed a new vice president for strategic communications and marketing, Susan Bruser, just days before the philanthropy conference started, and named Danah Craft to the new position of vice president of programs and constituency services last December.

Many members appear pleased with Mr. Gunderson's efforts. The results the council just received of its first survey of its members since 2002 showed that 90 percent said they were satisfied or very satisfied with the value they receive as members, and use of council services had increased sharply since 2002 in areas like legal consultation, media relations, and representation before lawmakers and regulators. Membership, standing at 2,100 at the end of 2007, is up from about 1,500 in 1997 and 1,900 in 2002.

Mr. Gunderson is now focusing on ways to harness the unity fostered by last week's

philanthropy conference. Because philanthropy has grown so much, "it is becoming almost an equal partner to the public and private sectors in serving the common good," he says. "In order for us to effectively address that, we have to be bigger than ourselves individually."

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