

How Big is “Too Big” For a Community Foundation?

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In this fourth part of a series arising out of the recently exposed travails of the Silicon Valley Community Foundation, we consider the argument raised by a number of expert observers that, for a nonprofit organization, bigger is not always better. And, in the case of a community foundation, an unrelenting push to expand beyond the community from which the foundation takes its name, may be a particularly troublesome goal.

In [Secrets and Lies at Silicon Valley Community Foundation](#), we explained that the Silicon Valley Community Foundation was started in 2007 as the merger of two smaller community foundations in the neighborhood of the nation’s vibrant technology hub. For its new chief executive officer, the SVCF board of directors recruited a dynamic philanthropy leader, Dr. Emmett D. Carson, who had led the Minneapolis Foundation and been associated before that with the Ford Foundation.

Dr. Carson’s ambition was to “make the Silicon Valley Community Foundation a national powerhouse’ ...[a]n ‘institution that could rival the foundations created with Gilded Age wealth a century ago.’” This “grander mission” became a reality.

Starting out after the merger with assets of \$1.4 billion, by early 2018, SVCF reported assets of over \$13 billion. The new crop of Silicon Valley billionaires was ripe for the plucking; Dr. Carson’s selection of Mari Ellen Loijens as the foundation’s chief rainmaker maximized that opportunity. She was a brilliant fundraiser who also had the expertise in the complicated assets that uber-rich people acquired, held, and donated to charity. She was also, unfortunately, an abusive bully, the “boss from hell” who was left in charge to terrorize a decade of SVCF staffers, while Dr. Carson was reportedly absent much of the time, gallivanting around the nation, opening far-flung offices, and persuading wealthy donors from locations distant from Silicon Valley to make SVCF their charitable home.

Debate About Community Foundation Role

It's important to note that Dr. Carson was carrying out the philosophy already adopted by the new board of directors of Silicon Valley Community Foundation in 2007. He was not, in any sense, going rogue. He spoke and wrote on this issue frequently.

In *Redefining Community Foundations* in the Fall 2013 issue of the prestigious Stanford Social Innovation Review, Dr. Carson voices a full-throttled, bold statement about the new path being forged by SVCF. "For nearly 100 years, community foundations have defined themselves as place-based organizations concerned exclusively with improving a specific local geography," he begins.

The merger that resulted in Silicon Valley Community Foundation—a community whose geographic location, interests, and identity cannot be placed on any one map—raises profound questions about whether traditional definitions of place and community can or even should remain constant in a century when people are increasingly global citizens and issues come in and out of relevance.

In *Keeping the "Community" in Community Foundations* (October 23, 2013), Bill Somerville wrote a forceful critique, opening with the unequivocal statement that he had read Dr. Carson's "essay with dismay," noting that he had "worked onsite with more than 350 community foundations and experienced their dedication to their communities."

Mr. Somerville explains the 100-year history of "community giving in America," concluding that "[w]hile a community foundation can give nationally and globally, we believe that its primary role is to *serve the local community*. Otherwise, it might be called a national foundation or a global foundation." (*ital. in orig.*) Of course, it's important to point out that Mr. Somerville was the founding executive director of one of the two community foundations that, in 2007, merged with another to become the new Silicon Valley Community Foundation.

In the issue of the Stanford Social Innovation Review dated Fall 2017, Marc Gunther – the same person who wrote the blockbuster article published on April 18, 2018, that blew open the #MeToo scandal – published *The Charity that Big Tech Built* in the Stanford Social Innovation Review, unfortunately behind a paywall, though. But the first sentence gives a whiff of what's to come: "The Silicon Valley Community Foundation has grown to become of the world's most well-funded foundations. But who in the Valley benefits from this largesse?"

Dr. Carson struck back, in an article dated October 2, 2017, in the Chronicle of Philanthropy: *After a Decade, Lessons About How Community Funds Can Evolve Successfully*. This piece was also, unfortunately, behind a paywall.

We do get a play-by-play, though, in *Barbs, Jabs, and the Roles of Community Foundations* (dated September 14, 2017, but somehow after the Gunther and Carson slugfest was published). This article is by Phil Buchanan, the president of the Center for Effective Philanthropy.

On April 12, 2018, David Callahan published a long article in Inside Philanthropy: *Why Is This Giant Community Foundation—and its Leader—So Controversial?* He begins: "The Silicon Valley Community Foundation may be the most intriguing—and confusing—institution in philanthropy today. It's also surprisingly controversial." Mr. Callahan explains both sides of the debate that's about to get the attention of the philanthropic community.

Just days later, we find out why the Silicon Valley Community Foundation is “surprisingly controversial.” Marc Gunther’s blockbuster piece in the Chronicle of Philanthropy – *A Star Performer Created a ‘Toxic Culture’ at the Silicon Valley Community Foundation, Say Insiders* – was posted on April 18th.

New Critique by More Experts

In the second post of this series, *Scandal Erupts at Silicon Valley Community Foundation*, we describe the facts as they occurred just before and after Mr. Gunther’s article was published. In our third post, *Observations About Silicon Valley Community Foundation From Outside Its Bubble*, we described the findings of the independent law firm hired by SVCF’s board of directors to conduct an independent probe. That firm gingerly and carefully suggested that the directors reconsider whether the foundation’s “previously defined long-term goals for the organization – including its ‘Vision 2025’ – remains a “good fit.”

We also noted a list of articles posted from “outside the bubble” by experts and commentators. They were, by and large, much less restrained and polite. Here, for convenience, is that list, once again:

- *Amid Scandal, Silicon Valley Community Foundation should rethink priorities* (Eduardo Andino, *Philanthropy Daily*, 4/26/18)
- *Mark Zuckerberg-Connected Charity At Risk of Implosion* (Kerry Dolan, *Forbes*, 5/2/18)
- *A Bubble Bursts* (Alan Cantor, 5/7/18)
- *Inside a Powerful Silicon Valley Charity, A Toxic Culture Festered* (David Gelles, *The New York Times*, 5/11/18)
- *Silicon Valley Community Foundation “Serves the Community” Very Differently* (Ruth McCambridge, *The Nonprofit Quarterly*, 6/12/17)
- *Silicon Valley’s cautionary tale shows what can go wrong when charities get obsessed with growth* (Prof. Brian Mittendorf, *OSU, The Conversation*, 7/9/18)

In particular, on the specific question of whether a community foundation should pursue a “growth for growth’s sake” philosophy, the analyses by Alan Cantor in *A Bubble Bursts* and Professor Brian Mittendorf in *Silicon Valley’s cautionary tale shows what can go wrong when charities get obsessed with growth* are provocative and important reading. They also tie their analysis into the related matter of the dominance of donor-advised funds at Silicon Valley Community Foundation.

Conclusion

Next up, we’ll tackle the thorny issue of donor-advised funds in the Silicon Valley Community Foundation as well as in others. The *Nonprofit Quarterly* has just published an article, *Advancing a DAF Regulatory Agenda from Within the Nonprofit Sector*, suggesting that it’s more than high time that the nonprofit sector considers and adopts some form of self-regulation of donor-advised funds.