NONPROFITS: BOARD GOVERNANCE

Secrets and Lies at Silicon Valley Community Foundation

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"A scandal at the Silicon Valley Community Foundation (SVCF) has roiled the world of philanthropy," wrote philanthropy expert and consultant Alan Cantor on May 7, 2018.

Just two weeks earlier, a drama unfolded in the Northern California enclave of tech billionaires; "[a] blockbuster story with dramatic elements worthy of an HBO mini-series…. There were "[a]n imperious and (until now) impervious CEO, secretive billionaire donors, abusive treatment of employees, sexual harassment, operational dysfunction, intrepid investigative journalism, and, finally, rolling heads as the board of directors belatedly recognizes the scale of the problems and reasserts control."

The shocking tale was published on April 18, 2018, in the Chronicle of Philanthropy: *A Star Performer Created a 'Toxic Culture' at the Silicon Valley Community Foundation, Say Insiders* by Marc Gunther along with the Chronicle's news editor, Megan O'Neil. The next day, Mr. Gunther published a long blog post with many intriguing details not included in the main story: *Transparency, accountability and a troubled workplace at the Silicon Valley Community Foundation.*

At first blush, the main focus of the unfolding scandal was a #MeToo problem: The foundation's chief fundraiser, who was effectively second in command, **"**routinely bullied and demeaned colleagues, made sexually and racially insensitive remarks and at times even threatened physical violence." This description of her – yes, her! – actions, though factually accurate, is a bland understatement of the havoc she created and maintained at SVCF for a decade. She terrorized the workforce, causing many workers to leave, some without having secured new jobs.

Without a number of brave whistleblowers, whose stories were gathered and highlighted by the excellent journalistic work of Mr. Gunther and Ms. O'Neil, this serious problem at the Silicon Valley Community Foundation would not have been exposed.

But that wasn't all that was revealed. While at first, it appeared that the story was the manager from hell and the toxic workplace, that was the tip of an iceberg of controversy and organization dysfunction.

"It's a cautionary tale for all nonprofits." Discussing the many issues raised will take longer than a single blog post; this first one will set the stage: the history of SVCF leading just to the point that the scandal broke wide open on April 18, 2017.

Silicon Valley Community Foundation Takes Off

In 2007, the two community foundations in the vicinity of the nation's premier tech hub decided to merge. The new entity, named the Silicon Valley Community Foundation, was positioned right out of the gate to do great work. Immediately following the merger, the new Silicon Valley Community Foundation held $1.5 billion in assets. There was no shortage of fundraising prospects – including billionaire entrepreneurial superstars like Mark Zuckerberg – right there in the neighborhood.

With potential donors like that ripe for the plucking, SVCF's board of directors searched for a philanthropy superstar of its own – someone with just the right vision and drive to guide the foundation as its new chief executive officer. They successfully recruited Dr. Emmett D. Carson, formerly of the Ford Foundation and the Minneapolis Foundation. He had a "rising national profile" along with the "ambition to make the Silicon Valley Community Foundation a national powerhouse." Dr. Carson had even "a grander mission": making the Silicon Valley Community Foundation "one of the nation's biggest philanthropies, an institution that could rival the foundations created with Gilded Age wealth a century ago."

To achieve this goal, newly appointed CEO Carson knew he needed an equally dynamic rainmaker. He selected Mari Ellen Reynolds Loijens as the SVCF's "chief business, development and brand officer." Ms. Loijens came from the Junior League of San Jose and other prior posts with an impressive fundraising record.

Over the next decade, Ms. Loijens more than distinguished herself as the chief fundraiser of the Silicon Valley Community Foundation and because of her great success "made herself indispensable" to Dr. Carson.

She successfully snagged the big fish: Mark Zuckerberg donated stock worth over $1.8 million and Netflix's founder, Reed Hastings, has contributed $100 million. Other huge donors include Twitter co-founder Jack Dorsey, Microsoft's co-founder Paul Allen, and eBay pioneer Jeff Skoll.

In February 2018, SVCF stunned the philanthropic world by announcing it now manages assets worth some $13.5 billion, a jump of about $5 billion in the prior year alone. This now makes the Silicon Valley Community Foundation larger than the Ford Foundation and the Rockefeller Foundation. More than 90% of the money is in the form of donor-advised funds.

Dr. Carson pushed his team "to raise as much money as possible." No one at the Silicon Valley Community Foundation remained in doubt that the organizational focus was growth, growth, and more growth. He has been a strong and vocal proponent of a model of community foundation that expands geographically and philosophically as well as financially. SVCF established offices in New York and other locations far away from Northern California, sought donors from far afield, and made grants to organizations and for purposes well beyond the local area.

According to one of the key whistleblowers (and notably someone who allowed her name to be

used), former SVCF executive Rebecca Dupras, Ms. Loijens was fully on board with this vision and a good fit to advance his and the foundation's agenda. "She brought in the money, made the place bigger, and he could go out and be a superstar."

The Toxic Workplace

This outward, spectacular, growth was masking several huge problems including, most notably, a "toxic workplace culture" that "festered for years." It was caused by Ms. Loijens and enabled by Mr. Carson. "He could have stopped this and reined her in, and he didn't," according to Ms. Dupras. There was an atmosphere of frustration and fear. Over and over, employees complained to the H.R. department but were brushed off. According to several whistleblowers, Dr. Carson didn't want to hear or talk about it.

The employee turnover rate was much higher than normal – a fact that, alone, should raise alarm bells in any nonprofit boardroom. Also, there was evidence in plain sight. An online ratings site for nonprofit workplaces, GlassDoors, Inc. had some 50 or so highly negative, specific reviews in recent years.

What got the ball rolling on bringing this disgraceful situation to light was an article written by Marc Gunther in the Stanford Social Innovation Review in the fall of 2017. Titled The Charity That Big Tech Built, it was behind a paywall, but some current and former SVCF employees saw it. This article raised questions about the Foundation's operations different than the problems created by Ms. Loijens, but it identified a sympathetic journalist that a whistleblower might be comfortable approaching.

Slowly but surely, one, two, and then others, made contact with Mr. Gunther. Many were so fearful they only stepped forward anonymously. Eventually, Rebecca Dupras and another former executive were willing to go public with their stories. Mr. Gunther's April 19th blog post tells this fascinating story.

By the beginning of April 2018, Mr. Gunther and Ms. O'Neil were ready to go forward. Through a series of exchanges in the next few weeks, they approached Dr. Carson with their story – and their considerable supporting evidence – and offered him opportunities to respond before publication.

Conclusion

As we'll discuss in the next installment in this series, his reaction was a textbook example of how a responsible nonprofit CEO should *not* respond to a legitimate scandal about to break.