

**DIVERSITY AND EFFECTIVENESS IN PHILANTHROPY:  
INCLUSION AS A MODEL FOR LEADERSHIP  
RECRUITMENT, RETENTION, AND EXCELLENCE**

by

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**Introduction**

We seek in this commentary to introduce the principle of inclusion as a means of promoting philanthropy that is both more responsive to multi-cultural stakeholders and more impactful in addressing socio-economic challenges facing foundation leaders. In this time of shrinking philanthropic dollars, foundation leaders must think even more innovatively about producing critical outcomes to assist diverse communities in need. We focus here on inclusion as an essential element of best practices in philanthropy, moving beyond the traditional model of diversity. We identify important steps for inclusion through the prism of recruitment, hiring practices, and work culture and believe these suggestions will prove valuable to philanthropy practitioners.

Diversity and inclusion—often treated synonymously—are actually concepts that each profoundly impact organizations.<sup>2</sup> Promoting diversity is about encouraging greater institutional representation of a broad range of age, race, ethnicity, gender, sexual orientation, disability, and socio-economic status in ways that alter the workforce

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<sup>2</sup> This paper was designed in response to a series of questions and topics suggested to us by Diversity in Philanthropy Project leaders. The reflections that follow below are thus intended to lift up our current best thinking about inclusion issues and recruitment imperatives as related to organizational effectiveness. We are grateful for the assistance of Ed Letchinger and Carol Davis for their editorial suggestions for improving the text. We welcome the opportunity to listen and respond to any thoughts, ideas, or criticisms that may arise from reading these comments, and wish to inspire additional dialogue on these critical issues.

composition (and potential) of organizations and professional fields. This process is about bringing more people of diverse backgrounds to lead institutions whose work substantially impacts the common good. Inclusion, on the other hand, is about actively engaging the differences of all people in an organization to create a culture of belonging in which *all* people are valued and honored for who they are, and the broad range of talents and skills they bring to their work, no matter their background.<sup>3</sup> This process allows everyone in the organization to participate in fulfilling their potential, from the Board leadership to the entry-level staff member.

Diversity supports inclusion, and neither can be realized with integrity if there is not shared commitment in an open professional environment. Diversity helps bring people of diverse backgrounds more integrally to the table of institutional life. Inclusion helps ensure that once we are at the table, we tap our human capital in the most optimal manner. Inclusion offers distinct and qualitatively better prospects for innovative and more durable institutional and social problem-solving. Inclusion harnesses a broader constellation of ideas, perspectives and possibilities; and extends diversity by ensuring that the historically untapped talents and insights of diverse people are and fully utilized to achieve more effective results. Inclusion, and thus change, occurs when people open themselves up to see things differently, to engage in meaningful dialogues, and listen to those who do not see the world in the way we do. Organizations evolve to become more diverse when they implement an inclusive operating paradigm. In a way, the engine of change is an inclusive work environment and a by-product of this process is a diverse workforce.

As noted earlier, these considerations are especially timely and crucial for foundation and nonprofit leaders interested in being more impactful with limited resources and staff. We believe that the concept and practice of inclusion will emerge as a principal operating philosophy and practice of all innovative organizations striving for excellence and impact in rapidly expanding global setting. Because people are at the heart of organizational life, ground zero for this sea change—as far as its longer term applications are concerned for philanthropies and other social investment leaders—undoubtedly resides in the human resources functions of independent sector institutions, especially those aspects that pertain to executive recruitment and retention. The comments that follow are intended to lift up our current best thinking about inclusion issues and imperatives related to executive search. This is an often overlooked aspect of building diverse leadership in philanthropy.

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<sup>3</sup> For a more extensive description of this expanding model of inclusion, see [www.insituteforinclusion.org](http://www.insituteforinclusion.org).

## **WHY DIVERSITY AND INCLUSION IN FOUNDATION HIRING AND APPOINTMENTS MATTERS**

In the modern era of institutional stewardship, effective organizations are those with leadership teams that are broad-minded, creative, innovative, well-rounded and able to assess the donor-grantee environments for maximum impact of resources. These are organizations that attract the broadest range of talent with the most comprehensive life experience and skills-sets. In our work, organizations that seek to have not only a diverse leadership but also an inclusive leadership environment achieve in their various fields of interest at highest levels of performance. They are more likely to support creative, effective teams and to provide greater satisfaction to their team and external partners.

The costs of *not* choosing to be *both* inclusive and diverse are enormous in the short run and astronomical in the long run. The risk of not being diverse means that the best and brightest people, the most innovative practitioners will not be attracted to an organization. The risk of not being inclusive means that the growth of the organization will be hindered, its culture will become lethargic and eventually toxic, and the diversity of its talent pool will ultimately shrink, rather than increase over time. By failing to diversify, organizations risk becoming mired in dysfunction. Foundation leaders must realize that both inclusion and diversity are strategic investments for re-invigorating their organizational capacity and bolstering their impact in sustainable and meaningful ways.

Ideally, philanthropy seeks to help people in need regardless of their backgrounds. But as a practical matter, persistent uniformity and elitism in experiences of people who typically make social investment decisions has often negatively skewed the responsive capacities of private grant-making organizations. Given the growing diversity of our national and global populations and the tendency of social challenges to most directly impact diverse population groups, philanthropic institutions must embrace a culturally versatile leadership if they are to help multiple communities more fully. While many philanthropic organizations routinely work with diverse communities, most fail to consider the degree to which their own organizations reflect the diversity of their grantees. More intentionally inclusive hiring and appointments practices are an essential strategy to address this problem. Through this work, foundations better position themselves to comprehend where and how they can best apply resources to have the widest impact on target populations and better attune themselves to voices of affected stakeholder communities in their governance and decision-making.

## **HOW PHILANTHROPY LEADERS CAN BEST WORK WITH SEARCH PROFESSIONALS TO ENSURE MORE DIVERSE AND INCLUSIVE RECRUITMENT AND RETENTION CAPACITY**

At the highest levels of any organization, there should be a demonstrated commitment to create a diverse organization and to become an organization that values and practices

inclusion. Ironically, though, many executive search firms fail to reflect such commitment in their work and service to clients. In fact, the greater executive search industry, in its efforts to recruit senior leadership, has not mastered strategies to develop diverse candidate pools that reflect *superb* talent. Private foundation clients can help to encourage better practice in this connection in several ways.

- First, incentivize greater attention to the issues from executive search professionals by making it clear that diversity is a high priority. They can insist that search firms vying for their business reflect diversity in their top leadership and staff or develop the skills to become more inclusive in their governance and practices. They can also adopt a philosophy stating that for every search they undertake they will consider only diverse candidate pools. Indeed, field-wide diversity enhancements would be significantly more achievable if the philanthropic community as a whole would broadly insist that *every* vendor employed in the foundation sector, and not least of all their outside recruiters, demonstrate a meaningful commitment to the value and practice of inclusion.
- Prioritize surfacing and working with specialty, boutique or otherwise non-traditional search professionals that have demonstrated capacity to recruit and place highly qualified multicultural candidates in the field. In this way, they can help to broaden the available vendor base to include greater numbers of prospective search partners with capacity to identify and recruit diverse talent. Foundation leaders can assess vendor capacity on the basis of various considerations, including but not limited to testimonials from past clients and retention rates and workplace satisfaction levels among diverse professionals placed by a given firm during recent years. In this process of discovery and performance benchmarking, foundation leaders can also encourage allied attention to inclusivity concerns in the work of executive search firms they interview and/or engage. An effective search firm committed to the values of inclusion will actively explore the network of internal and external relationships which will interact with the position being recruited. The search firm will value the ideas and needs expressed by people “above” and “below” the position in question, and will use those ideas to inform its professional position description and ensuing talent search. At the end stages of a search, inclusion can once again provide a powerful tool for enhanced decision-making. For example, there are instances when a candidate pool is so competitive that the hiring authority finds it challenging to make a decision. In those instances, the hiring process can be broadened to include the participation of people from various internal stakeholder groups not normally involved in, even if affected by, the search process. In effect, such additional stakeholders can be employed to establish an informal advisory

council to support efforts by hiring decision makers to make the best selection for the organization.

- Be more proactive in their efforts to ensure that search consultants they retain are actually conducting effective due diligence where talent identification and outreach are concerned. They can do this in part by encouraging increased transparency in the level and kind of consultations their search partners support to source their recommendations.

An important feature of our search work at the Boulware Group is a professional guide customized to the specific needs of the given client, with full contact information and biographies. In each instance, the guide confidentially reveals *all* of our sources and networking pertaining to the search in question; and we share this material with the client. For many search firms, it is unheard of to give clients such unfettered access to their sources and networks. We believe that creating full transparency for our clients enhances their confidence in the reliability of our work. In this way, foundation executives can see the broad range of leaders that we include in our search process—something that enhances our integrity and standing when we in turn encourage those clients to value diversity and inclusion in their own placement decisions.

### **Distinguishing Characteristics of Foundations That Prioritize Diversity in Their Recruitment and Appointments Versus Those That Do Not**

When it comes to the successful retention of employees and the creation of high-performance foundations, there are clear distinctions between organizations that value diversity and inclusion and those that do not. Diversity in hiring practices creates the ability to maximize employee contributions by means of leveraging inclusive practices, values and information throughout the organization. In our opinion, long-term effectiveness based on the values of inclusion is the key to success in an increasingly interdependent, global, working environment.

#### **CASE IN POINT: The Ford Foundation.**

A good example of diverse hiring maximizing impact is the Ford Foundation's work in community development. Through a diverse leadership team led by Franklin Thomas, the Ford Foundation launched a major affordable housing initiative in 1979 that has subsequently created an interactive infrastructure to better coordinate and support thousands of community development organizations representing a broad range of diversity interests. Through this new infrastructure known as Local Initiative Support Corporation (LISC), participating community groups have greatly impacted the lives of millions of diverse, lower income people who have successfully transitioned their lives through increased family wealth, better schools, more sustainable local economies, and safer, healthier environments. Since 1980, LISC has leveraged over \$28.2 billion to low-

income communities nationwide and built over 244,000 new homes, 113 schools, 154 child care facilities, and 36 million square feet of retail space.<sup>4</sup> Diversity of ideas and leadership was the key to this revolution in community development practice and foundation stewardship.

In our experience, philanthropic organizations that do not strategically prioritize diversity and staff often fail to completely comprehend opportunities for more well-considered, inclusive and thus impact-driven interventions. Such institutions tend to operate with a much less developed sense of clarity and coherence about the multi-faceted aspects of the social problems of greatest interest to them, and the most effective ways to approach them. In many cases, these institutions are unable to achieve maximum support from allied stakeholders.

### **Preconditions of Success**

Achieving excellence and creating diverse organizations are two sides of the same coin. To be successful both in their core work and in their allied talent recruitment and management efforts, leaders must establish a model of excellence for all staff and hold all accountable to this model. They must encourage broad organizational understanding that diversity is an essential element of institutional success in contemporary life. Excellence is never set aside in favor of diversity. This is an often perpetuated myth, although not openly expressed as organizational policy.

Philanthropy leaders must see diversity as a core value—as a pre-condition of success. Such leaders must develop the cultural competencies of all of their employees, so that cultural differences in perceptions and understanding can be constructively discussed instead of avoided or denied. They must also meaningfully hear and seriously consider suggestions for quality improvement and change that emerge from diverse organizational stakeholders in the course of their evolving work. Again, diversity *coupled with* inclusion must be core values.

Several issues may arise when diversity and inclusion are not core values. For example, securing diverse appointments always requires additional energy and effort. When diversity is not a core value, there is typically less incentive to spend the additional energy and resources required to achieve it. When cultural competency is not prioritized and developed throughout the organization, diverse groups can quickly reach a point at which misunderstandings become systemic blocks to institutional progress. Creating an inclusive environment that constructively brings forward differences of experiences and viewpoints encourages all staff to feel like they are being heard and taken seriously.

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<sup>4</sup> See [http://www.lisc.org/accomplishments/LISC\\_By\\_Numbers\\_2008.pdf](http://www.lisc.org/accomplishments/LISC_By_Numbers_2008.pdf).

Such encouragement in turn leads to increased job performance and satisfaction and renewed dedication to the organization's mission and goals.

Furthermore, success in the context of philanthropic inclusion builds fundamentally on establishing a shared understanding that all team members will be judged equally and will be equally expected to excel. In most cases, this requires the creation of shared discussion forums, clear strategic goals, and overall performance benchmarks that enable all leaders and staff to develop a common understanding of their respective roles and responsibilities to the organization and one another. Through these approaches, contemporary foundation leaders and their staffs better open themselves to new learning and interaction overall that encourages more open dialogue, a broader exchange of diverse opinions and better collective decision-making.

In short, organizational practices and products informing actual day-to-day operations must be consistent with core institutional values that favor diversity and inclusion in order for foundations and other independent sector entities to optimize their model of excellence. When internal commitments and organizational practices are not in alignment, confusion and poor performance thrives. If inclusive values are not stated and practiced consistently, well-intended efforts at furthering organizational goals are likely to fail and weak performance will continue to persist.

### **“Do’s” and “Don’ts”**

The “do’s” of inclusive hiring and employment practice must be understood through a strategic process of striving to achieve a more inclusive organization. First, the leadership needs to declare publicly in clear, succinct language that inclusion is an organizational goal and value. Second, the leadership, in partnership with staff, needs to clarify how inclusion will impact organizational operations, including but not limited to more diverse recruitment strategy and hiring practices. Finally, the organization's leadership and staff needs to articulate these goals and values to external constituencies and partners through multiple communication strategies extending beyond standard internal human resource department documents including, for example, the organization's website, program-related publications, grantee applications, annual and donor reports, and vendor contracts.

### **CASE IN POINT: The Chicago Community Trust.**

In 2006 we worked closely, as lead consultants, with the Board and staff of the Chicago Community Trust. The goal was to develop and implement a diversity statement that went beyond the traditional model of “talking the talk” in ways that could help to inform both foundation practices as well as hiring and appointments. The Trust's Board and staff leadership engaged in an eighteen-month process that helped them to formulate a clear statement embracing diversity as a core institutional value and practice. As a result,

the Trust went on to adopt and broadly publicize a diversity statement that enabled it to “walk the walk” by applying its rationale to all levels of its work, not just employment. Areas such as board membership, donor engagement, grant making and vendor relations were included within a policy framework. Through this process the Trust concretized its commitment to diversity, and made clear that it expected all future grantees and vendors to demonstrate diversity in their own leadership and staff. Since the Chicago Community Trust has over a thousand grantees and scores of vendors, the impact of prioritizing diversity as a central organizational paradigm is tremendous, and has yet to be fully documented.<sup>5</sup>

### **Other Affirmative Steps Executive Search Firms Can Take to Encourage Greater Philanthropic Diversity and Inclusion**

Executive search professionals committed to diversity are deeply passionate about finding and placing talented candidates from all walks of life. But achieving these outcomes requires an expenditure of time and effort in creating a broad network of sources, often in distinct communities traditionally overlooked by large, corporate search companies. Executive search firms dedicated to inclusive work environments support the broadest possible search process that ensures that talent from all relevant communities is fairly represented in the sourcing, networking and candidate pools. To achieve this, search firms must be both committed, highly intentional and proactive.

Most foundation leaders, in our past recruitments, are open to choosing talented candidates with diverse backgrounds when they are clearly the best of all the candidates presented. The appointment of diverse professionals, however, is only the front end of an ongoing process. Once a diverse individual is appointed or hired, the focus must turn to bolstering that individual’s prospects to succeed in the organization, and (as we have commented earlier) this depends fundamentally on its workplace culture and environment. A great “diversity hire” who leaves after a year or two of struggling to make their voice heard, or feeling invisible or marginalized represents a wasted opportunity on many levels. Such tragic results can only be avoided by taking productive steps to create an inclusive environment based on excellence. The best executive search firms and professionals can—and typically do—play an active role with their clients to ensure that organizational conditions are sufficient to give every diverse hire the best possible prospect to thrive in and contribute to the institution in more than just incidental and/or short term ways.

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<sup>5</sup>See <http://www.cct.org/page30294.cfm> for the Chicago Community Trust’s publication of this statement and framework.

## Conclusion

We suggest that an inclusive executive search process means establishing excellence as a key recruitment and retention practice. With this in mind, successful results are attainable in virtually any organizational context. Organizational leaders tend to achieve operational excellence most readily by stating their related goals clearly and consistently, and by holding people accountable for achieving desired results. Moreover, leaders who are serious about this work quickly address performance that is anything below the quality level required by the organization's stated goals. If the goals are unclear, responsible leaders should invite staff to participate with them in figuring out how best to gain a clearer understanding, because embedded in this process of engagement and consensus building is "new learning" that benefits both leadership and staff.

It is essential for organizations that want to become inclusive and diverse to stay the course, notwithstanding many built-in factors that function invariably to take the organization in other directions. Emergencies and expediencies will always present themselves as apparently strong reasons to jettison pre-dating commitments related to this process. But organizations that achieve success in this domain do so largely because they are relentless in their commitment to the issues and refuse to allow impending, would-be distractions to dislodge them from their course. Having seen the benefits of such commitment in play, we strongly urge our own clients and organizational stakeholders to resist giving up when the going gets tough. We advise them *not* to hire candidates that lack the competency to execute a given role, merely to achieve the appearance of diversity or to meet an arbitrary deadline. We advise our clients *not* to yield to the idea that finding the right person is impossible. Finally, we advise our clients *not* to ever give up until the right leader is selected. We try to remind them that as long as they are sincerely committed to becoming more diverse and inclusive in their work, they can indeed achieve their specific placement and programmatic goals.

To optimally assist clients in both the short term and long term aspects of their work, executive search professionals must themselves honor the same core values of excellence, diversity and inclusion that we expect from our client organizations. Like our clients, we are obliged to eliminate any dissonance between our stated values and our daily actions, if real success is our goal. Often times, foundation leaders we work with assume that achieving diversity must come at the expense of diminishing the quality of their candidate pool and, ultimately, of their work overall. Executive search firms can either contradict such 'worst case' assumptions or they can reinforce them as a matter of choice and expediency. In our experience, when foundation leaders are presented with diverse pools of talented candidates from recruiters who value both excellence and diversity, such worst case assumptions are generally dispelled; and the resulting appointments work for all concerned as well as the larger society.

We make it clear to those who retain us that creating a diverse and inclusive culture is ultimately the responsibility of all members of the organization, both leadership and staff. Once our clients understand the potential for the co-creation and co-ownership of a dynamic, inclusive organization, they will not only achieve their diversity appointment objectives, but also become a model of organizational excellence.