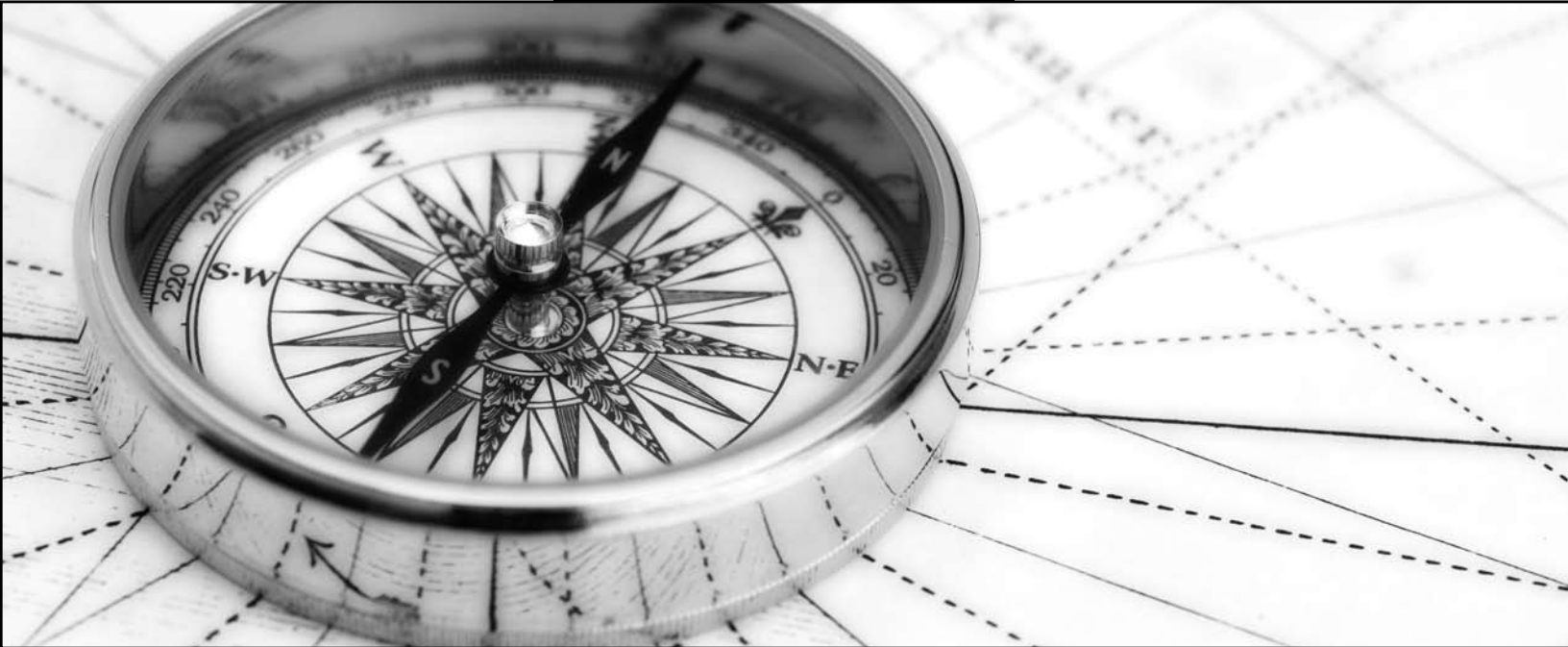


MORE THAN WORDS

A RESOURCE IN FOUR PARTS



PART TWO: LEADERSHIP CHALLENGES



NAVIGATING TRANSFORMATION: UNCERTAINTY AND FEAR OF THE UNKNOWN

A REFLECTION ON THE
LEADERSHIP CHALLENGES THAT
CHIEF EXECUTIVE OFFICERS
MUST NEGOTIATE AS THEY
WORK WITH BOTH BOARDS
AND STAFF THROUGHOUT THE
TRANSFORMATION PROCESS.

MORE THAN WORDS

A DESCRIPTION OF THE FOUNDATION FOR THE MID SOUTH'S ORGANIZATIONAL
TRANSFORMATION EMPHASIZING RACIAL, SOCIAL, AND ECONOMIC EQUITY



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PREFACE

Beginning in 2003, the Ford Foundation made several significant investments in the Foundation for the Mid South (FMS), enabling the FMS board of directors and staff to reflect critically on how the organization needed to transform if its leadership wanted to effectively pursue its commitment to promote racial, social, and economic equity in the American Mid South. The Ford Foundation provided resources to support (1) an internal change process that engaged the entire FMS board and staff, and (2) the establishment and activities of the Mid South Commission to Build Philanthropy (the Commission).

The Foundation for the Mid South recognizes the importance of sharing the lessons we are learning from this organizational transformation process with the wider philanthropic community. In the aftermath of Hurricanes Katrina and Rita, our country has once again been challenged to recognize and acknowledge that inequality, persistent poverty, and racial disparities continue to undermine the health of our nation and deny the full dignity of all persons. While philanthropic organizations cannot resolve these challenges alone, they can use their voice, leadership role, financial resources, and credibility to make important progress on these fronts.

In addition to the report of the Commission, *Where Hope and History Rhyme: Reflections and Findings from the Mid South Commission to Build Philanthropy*, the Foundation for the Mid South agreed to prepare and disseminate four additional resources that philanthropic organizations interested in working on issues of equity could use to inform and guide their efforts. These resources and tools include the following:

- A look at **FMS's transformation** to support and invest in racial, social, and economic equity in the Mid South and the impact that the process is having on FMS's organizational and grantmaking strategies.
- Reflections on the **leadership challenges** that chief executive officers must negotiate as they work with both boards and staff throughout a transformation process.
- A description of the process that the FMS board followed in its efforts to **develop a governing board** prepared to lead the foundation as it works more deliberately on issues of equity.
- An assessment of how **documentation** can enhance the transformation process that includes the seven memoranda chronicling the work of the Mid South Commission to Build Philanthropy.

These four resources and the Commission's report are available in print or electronically at www.fndmidsouth.org. We welcome your feedback and questions, and hope that these materials prove helpful to our colleagues.

INTRODUCTION


The intent of this essay is to share my experiences as a director of a foundation undergoing a wholesale institutional transformation that included a concentrated effort to promote racial and social equity both inside and outside of its walls. As a CEO, it is a demanding and intimidating challenge to outline and manage a process that seeks to simultaneously affect change with regard to the foundation's work, its governance, its mission, and also seeks to interest and impact other foundations and organizations and their work in the region and beyond. This is a challenge that many prefer not to instigate because of the risks and complexities of the task, but one that I believe is necessary and beneficial to any organization—especially for those that work to promote the betterment of the human condition and of society.



George Penick
Founding President of the
Foundation for the Mid South


Oftentimes during the Commission's two-year journey, I found myself struggling to juggle while trying to understand the myriad, complex, and potentially divisive issues of race and equity that confronted the FMS staff, its board of directors, the Mid South Commission to Build Philanthropy, funders, and myself without having either the benefit of a road map to follow or the knowledge of what the end result of FMS's transformation would *actually* look like. We were attempting to do something bold and exciting, but if I was initially oblivious to or chose not to acknowledge the risks of such a journey, I soon learned that the process would not be easy, it would at times not be polite and controllable, and if not approached with trust and respect it would not succeed.

I have not attempted to create or provide an overarching list of activities or benchmarks to simply check off. In my opinion, that approach would not be helpful to any CEO, board member, or staff member who is truly serious about racial and social equity and its impact on their work. Every organization and its leadership is unique and must ultimately define and locate their own comfort and—more importantly—their *commitment* levels on the social justice gauge. But I hope that this essay will share the challenges, the insights, and the valleys and mountaintops that I experienced during the Foundation for the Mid South's transformation process. I also hope that it both encourages others to begin a journey of their own and provides a road map—if not some useful anecdotes—to help others along the way.



FAILING TO UNDERTAKE THIS KIND OF JOURNEY IS THE RISKIER ROAD TO TRAVEL. FOUNDATIONS THAT DO NOT UNDERSTAND THE COMMUNITY AND THE PEOPLE THEY SERVE AT BEST ARE DESTINED TO BE UNWISE AND INEFFICIENT IN THE USE OF THEIR RESOURCES—AND AT WORST MAY REINFORCE AND PERPETUATE SOCIAL PROBLEMS.

George Penick, founding President of the Foundation for the Mid South



LEADING THE INSTITUTION

While I do not expand here on the history of the Foundation for the Mid South, the story of the journey of the foundation is nothing short of miraculous. The hopes that it bore, the challenges that it faced, and the momentum and ground it gained are unprecedented in the American South. In a part of the country where both the presence of and knowledge about foundations were far behind other parts of the country, it became a quality grantmaking organization working to tackle the greatest challenges of our society. In these communities and states that historically are provincial and competitive with each other, it created a trusting network so that geographical boundaries and political borders would not stand in the way of strong leaders working together. And most of all, in a part of the country where racial hatred and unpunished brutality are a part of its history, it provided an institution that exhibited a commitment to racial justice and a model of unbiased behavior.

That was the plan and the intention, but in many ways I failed to see the barriers that prevented it from achieving its full potential.

In a single sentence, the primary barrier was that for all of our progressiveness, for all of the exemplary programs, for all of the efforts at outreach and inclusiveness, we as an institution had never put on the table the greatest issue and the most important obstacle that our region faced—racism. And it was not just the racism “out there” that needed our attention, but also the racism “in here.”

Before this begins to sound like a hair shirt, self-flagellation guiltfest, it is important to say that the Foundation exhibited many exemplary attributes and practices regarding diversity and an inclusive culture. It had a majority-minority staff, both at the professional and at the support levels. The Foundation always had a strong presence on its advisory committees of community and grassroots leaders from the region. And the Foundation was begun with strong African-American leadership on its board. The Foundation’s face and makeup were far more representative of the demographics of this region and country than most other organizations. And as a result, I feel that my personal relationships and the work of the Foundation were far more a part of a racially mixed enterprise than was typical in the South.

DEALING WITH MYSELF

None of my professional or personal experiences over twenty-five years in philanthropy adequately prepared me for the journey into self-doubt and fear-of-the-unknown that confronted me as the Foundation for the Mid South began its process to seek to bring greater diversity to its governance, its leadership, and its decision-making. What I wish I had known going into it was that the primary obstacles that I needed to overcome were more personal than institutional.

First, I had to deal with myself. In my mind, the reason for these barriers was due to my own sense of self and reality. I had always considered my heart to be well grounded among those who worked for our South to overcome its heritage of segregation, state-sanctioned violence, institutional racism, and structural poverty. Many of my ancestors were leaders in the South for fair treatment of and greater opportunity for African-Americans. I was proud that the “n-word” was never used in my home, and that my parents hosted racially mixed social occasions.

In short, while I knew that all of us, white and black, carry some vestiges of racism, I felt that my own world view provided me with a sensitivity to and an understanding of ways to deal with our own inherent racism in a way that exhibited my sense of fairness, my commitment to our society dealing with its racism, and my personal antennae that guided me in times of uncertainty.

Little did I know or understand.

GOOD INTENTIONS ALONE DON'T CUT IT

In reflection, I had several blindspots that held back the progress of the Foundation, and it was the journey to understand and to shed light on these issues that was the key to the desired transformation—both for me and for the institution:

Blindspot #1: If my board and I are well-meaning people and have only the best of intentions, our actions will be seen as fair and unbiased.

In situations where the leadership of an organization is dominated by the majority race, it is only natural for those in the minority to see the actions and decisions of the organization as not being evenly determined. Time can build trust and relationships, but for those who do not have the experience of those trusting relationships, the outward and visible signs of the organization can represent the lack of an inward and spiritual grace. People on the outside are likely to wonder, if not openly ask, the following:

1. Why is the majority of the board white when the bulk of those affected by the programs are black? What is the process by which the board members are chosen?
2. When minorities are added as board members or senior staff, are they seen as don't-rock-the-boat types who are considered "safe" by the white majority/CEO, or are they independent minded and sought for their ability to speak openly, honestly, and courageously?
3. If the CEO is white, was there a diverse pool of candidates from which s/he was chosen?

Blindspot #2: Because my board is made up of people who believe in a racially just and socially equitable society, there is no reason to discuss the feelings that we have about race.

When one is among people of high status, strong reputations, and great respect—all of whom have agreed to serve on the board of an organization that is committed to tackling the difficult and testy issues of poverty and injustice—the path of least resistance is to assume that we are all in agreement on issues of race and class. The problem is, how do you know that there is common agreement if these issues are never discussed?

Blindspot #3: While it is my job to promote among the staff the values of nondiscrimination, cross-racial communication, and full acceptance of different kinds of racial and ethnic backgrounds, it is not my job to push these issues with the board because that is the board's work.

To this day, I'm not clear whether this was a blindspot due to the fact that I did not see it or that I chose the easier path to not acknowledge it. Although I was neither a board member nor functioned in a board leadership role, as I look back on the situation it was fully my responsibility to see that these issues should be placed before the institution as a needed topic of discussion. I have often said that "You know you're making a difference if you change the conversation," but that is a difficult thing to accomplish if you hesitate to engage the conversation at all.

Blindspot #4: When one assembles a racially mixed group of people of goodwill who do not know each other, one assumes that everyone will trust each other and see the issues to be addressed with a similar understanding.

White and black people have many interests in common that are universal in terms of wanting a good job, a safe neighborhood, a good education for their children, and a living that is decent and comfortable. But our cultural and historical realities have shown so many examples of unfair practices, of abuses of power, of different life experiences, of social separation, and of experiences of discrimination that it is rare—if not impossible—for whites and blacks to immediately trust each other without the luxury of time and of common experience that is needed for deep and trusting relationships to develop.

Blindspot #5: Dealing with issues of race in our organization was something that we needed to add to our work, rather than seeing it as something that was needed to *change* our work.

When issues of race confronted our organization in ways that were impossible to ignore, my response was always to add an activity—for example, we would add a written personnel policy, or we would have a workshop, or we would stress outreach in our next hire. I did not realize that our work needed to fundamentally change—in its conceptual underpinnings and not just in its functional fairness. An institution that has racial and social equity as a hallmark of its existence is different than one that merely espouses racial and social equity as an aspect of its operations.

Blindspot #6: Similar to other issues of institutional improvement (e.g., new fiscal systems, staff reorganization, or moving to better physical space) dealing with issues of race in our organization was the kind of issue that one dealt with and then “checked off.”

One can no more “check off” dealing with issues of race and class from the ongoing agenda of an institution than one can fail to change the oil in a car. With both cases, the immediate neglect may not be evident, but over time the deterioration of the internal soul of the entity will result in a premature and unpleasant demise.

Blindspot #7: Understanding and supporting the need for the foundation to undergo a transformation that would truly make racial and social equity its hallmark, I entered into this process with the belief that I could still be the appropriate leader for FMS in its new life.

As much as I believe that my tenure at the Foundation for the Mid South was one of growth and learning for the institution, and as much as I feel that in God's good way that I was probably the right person at the right time to help start it, I also recognize that an organization that sets out to truly re-invent itself—by creating a new board, a new institutional ethos, a strengthened governance structure, and a re-orienting of its mission—probably is not best-served by having the same face lead it into its new era. It is important to note that I did not complete the Mid South Commission to Build Philanthropy's work and begin the organization's transformation process with a plan to leave the foundation. After making my realization and trying to make a decision about whether to remain at the Foundation, the image came to mind of Moses leading the Israelites for so long but not being the one to carry them across the Jordan River. And while I do not want it to sound like I lay claim to Moses' mantle, the metaphor was vivid to me—neither the institution nor I would benefit if I tried to continue to lead it through the transformation period.

COMMITMENT AND RESISTANCE

The tension that I experienced at the beginning of the transformation of the Foundation for the Mid South was between willingness and resistance. For well over a decade, the Foundation had functioned with a sense of creativity, innovation, quality, and boldness to bring programs and concepts to the work of philanthropy in Arkansas, Louisiana, and Mississippi. While not always successful—sometimes due to our own failings and other times to situations beyond our control—the Foundation had a progressive reputation, a fiscally sound and honest administration, and an eye for identifying issues and opportunities before they were well understood or widespread.

My willingness was fueled by a number of important factors. Philanthropy had been part of the Foundation's identity from the beginning, and yet this was an opportunity for philanthropy to become part of its core activity. The attention to race and class by the Foundation was one that I saw as a positive and needed step to move us past the stage of doing good work to being more of a change agent. The willingness of the Ford Foundation to invest in the Foundation was seen by others and by me as recognition that we represented the best opportunity in the region to provide leadership and credibility—among both blacks and whites—on the issue of philanthropy. And finally, the full engagement by the Foundation's board of directors was early evidence

that this was an issue that would have deep institutional impact beyond the usual programmatic accomplishments.

My resistance and uncertainty was caused by several factors. First, as the one responsible for the management leadership of the organization, I was unclear how to successfully accomplish such a nebulous task as transformation—there were not many examples of organizations redefining and reorganizing themselves to such an extent. Second, and similar to the feeling of a lack of clarity, there was also a hesitation in not knowing what the organization was going to look like and be like when the process was completed. And finally, although I know that I never fully articulated this to myself in the beginning, I knew deep down that this process could present and bring into consideration some issues over which I would have little, if any, control.

THE VALLEYS AND MOUNTAINTOPS

When one has the full involvement of board members, a large number of outsiders who are invited into the process, and the interest of a major funder combined with the uncertainty of both process and product, there inevitably will be missteps that will occur as one tries to find a workable path.

The greatest valley of concern I experienced occurred midway through the project. We had invested a great deal of time in developing a common vocabulary and in beginning to put meat on the bones of certain programmatic aspects of the work. But the third meeting marked a critical juncture for the project. During the meeting, Commissioners offered more complaints than suggestions, the group's attitude was heavy with impatience rather than its previous gentle persistence, and participants felt controlled rather than guided. For whatever reasons and with whatever results, the meeting was the low point in the Commission's journey—it questioned the way we were working and whether it would provide successful results, and it provided a visible display of how difficult the transformation process can be. It was obvious that mid-course corrections were required.

The climb to the mountaintop began at that meeting. Despite a fear that the entire process might crash and burn, it was clear that the only way to proceed was for the future to be marked by more openness, by more engagement, by more opportunities for input, and by more willingness to accept an ungainly process as part of the necessary path.

The highest mountaintop was reached during the Commission's trip to South Africa to study community philanthropy. Without going into all of the detail of the activities and intricacies of the trip, the end result was that the group bonded by virtue of its common experience. Without facilitated confrontation, or a pre-developed curriculum, or psychological manipulation, the group grew in its sense of mission and in the self-realization of the individuals. The experience resulted

in new ways of talking about and dealing with the issues we were trying to address—evidence that formation of trusting relationships is key to learning from one another, finding common ground, and forming recommendations or solutions to solve problems.

A turning point for me happened on the road from the valley to the mountaintop. I realized that I was not in control and—more importantly—should not try to control the process. For the Commission to reach collective realization and to formulate its own opinions, I needed to put my faith in the other 31 people who shared this journey to overcome obstacles, to trust one another through our shared experiences, and to come to agreement on difficult and divisive issues.

OUT OF CONTROLLING AND INTO TRUSTING

I would venture to say that almost 99% of my colleagues who run foundations face the issues of race and class that we faced at the Foundation for the Mid South—and yet they fail to fully grasp all that means. If they and/or their boards are white, they may be wary of being seen as too pushy or aggressive by arguing for a board and senior staff level discussion of how issues of race and equity affect their organization. After all, if the board wanted your advice on such an important issue they would ask for it. *Right?*

And if their foundation has already shown courage in their community by funding issues that protect and promote those with little power in the community or have hired a minority to focus on the proposals from the minority community, then they have shown their determination to be effective in meeting the needs of minorities, even if there are none on the board who understand or represent that viewpoint. *Right?*

And if the CEO is African American or another minority, he or she may perceive that they are vulnerable to being seen as pushing an issue that the board thought it had dealt with by hiring them. After all, if an organization chooses a minority as their CEO it proves that it is not a racist organization. *Right?*

The challenges are tremendous—probably the most difficult I have ever faced. How do you assess an organization that you have raised from its birth and admit to yourself that it may be flawed? How do you work in a positive way with board members who have done the best they knew how and who have demonstrated their commitment to the organization and its values, and yet not make it seem that you are being critical of their past work even if the organization must change in the future? How do you encourage a necessary journey if the benchmarks are not clear, if the possibility of failure may be high, where the personal risk is considerable, and if the experience of you and your organization's leadership to maneuver such a situation is nonexistent?

But despite all of these risks, failing to undertake this kind of journey is the riskier road to travel. Foundations that do not understand the community and the people they serve at best are destined to be unwise and inefficient in the use of their resources—and at worst may reinforce and perpetuate social problems. Foundations may think that they are being bold with their money when applying it toward issues affecting those outside of their walls, and yet they usually do not understand how those same issues manifest themselves within their own foundation. Foundations that rely on control and power to justify their existence will one day discover that their grants are viewed with disdain rather than with gratitude. And most of all, foundation leaders who are afraid to open the issues of racial and social equity for a full discussion by board and staff alike—of what this means to their governance, their grant practices, and their hiring, recruitment, and outreach—will find themselves isolated and clueless.

My closing thoughts are these. The truth lies somewhere in the journey, not in the answer. Freedom comes from letting go of control rather than holding onto it. Self-realization comes from both acknowledging and being open to exploring what you do not know. The mountaintop comes from sharing experience and purpose rather than from individual competence. And humility comes from realizing that you can only begin to uncover and understand the most difficult, painful, destructive, and self-defeating of human weaknesses—our failure to love others as we love ourselves.

George Penick
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THE TRUTH LIES SOMEWHERE IN THE JOURNEY, NOT IN THE ANSWER. SELF-REALIZATION COMES FROM BOTH ACKNOWLEDGING AND BEING OPEN TO EXPLORING WHAT YOU DO NOT KNOW. AND HUMILITY COMES FROM REALIZING THAT YOU CAN ONLY BEGIN TO UNCOVER AND UNDERSTAND THE MOST DIFFICULT, PAINFUL, DESTRUCTIVE, AND SELF-DEFEATING OF HUMAN WEAKNESSES—OUR FAILURE TO LOVE OTHERS AS WE LOVE OURSELVES.

George Penick, founding President of the Foundation for the Mid South



NONE OF MY PROFESSIONAL OR PERSONAL EXPERIENCES OVER TWENTY-FIVE YEARS IN PHILANTHROPY ADEQUATELY PREPARED ME FOR THE JOURNEY INTO SELF-DOUBT AND FEAR-OF-THE-UNKNOWN THAT CONFRONTED ME AS THE FOUNDATION FOR THE MID SOUTH BEGAN ITS PROCESS TO SEEK TO BRING GREATER DIVERSITY TO ITS GOVERNANCE, ITS LEADERSHIP, AND ITS DECISION-MAKING.

George Penick, founding President of the Foundation for the Mid South