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A Test of Leadership

Nicole Taylor is trying to turn it around after a workplace scandal — and now she must deal with the coronavirus scare and economic downturn.

By Marc Gunther



PHOTO BY TONY AVELAR

Unlike her predecessor, Nicole Taylor says the Silicon Valley Community Foundation's purpose is to support local charities and work alongside them to attack big problems in Silicon Valley.

As the largest community foundation in the United States, with \$9.4 billion in assets at the end of last year, the Silicon Valley Community Foundation might appear to be invulnerable. Precisely the opposite is true — the foundation is threatened as never before. This is why the success of a turnaround job begun by Nicole Taylor, the foundation's CEO, is anything but assured.

Taylor has been on the job since late in 2018. Like her predecessor, Emmett Carson, she has grand ambitions for the foundation. But unlike Carson, who downplayed local grant making, Taylor says the foundation's purpose is to support local charities and

work alongside them to attack big problems in Silicon Valley.

"I want to put the 'community' back into community foundation," Taylor likes to say, in a not-so-subtle dig at Carson, who focused on accumulating assets, not on giving them away.

Taylor now faces the first big test of her leadership. The coronavirus pandemic has hit Silicon Valley hard. Seven Northern California counties were locked down with a "shelter in place" order from the governor in mid-March.

The community foundation has launched a coronavirus response fund to support local charities, particularly those that provide direct support to the poor and their families. Taylor has made clear that income inequality in Silicon Valley is among her biggest concerns.

"The economic implications of the virus are still playing out, and they could be staggering," she says.

The community foundation could play a vital role as Silicon Valley works its way through the pandemic and its aftermath. First, though, Taylor and her senior managers, nearly all of them new, have to overcome some formidable obstacles. Among them:

- They must repair damage caused by the scandal over workplace issues that led to the departure of Carson, the community foundation's chief executive, and his top fundraiser, Mari Ellen Loijens, in 2018. Their leadership demoralized the staff, angered local charities, and left the foundation on the sidelines as others stepped in to tackle big issues in the region.
- They must continue to attract big dollars from ultrawealthy donors who are being courted by savvy and well-funded commercial competitors that are taking market share away from community foundations. The competition poses an existential threat to all community foundations, some say.
- They must fend off regulatory threats to the donor-advised funds, or DAFs, that are the lifeblood of community foundations. DAFs are controversial because they provide donors with an immediate tax deduction but need not disburse funds to charities for years.
- Like other community grant makers, the Silicon Valley Community Foundation will have to cope with the crash of the stock market and a looming recession. Declining share prices have sharply eroded the value of the foundation's holdings, and they will squeeze its operating budget just as its work is most needed.

As it that weren't enough, Taylor has yet to develop a clear mission for the foundation. To develop a strategic plan, she enlisted consultants from the Bridgespan Group and from Stanford ACT, a pro bono group of Stanford business school alumni. She plans to report on their findings soon.

What's clear is that she does not intend to preside over the foundation's decline. "This is a community I care deeply about," Taylor says. "It needs a high-performing community foundation."

An Immigrant's Daughter

Silicon Valley is home to the very rich and the very poor. There are, fortunately, more of the former than the latter. About 90,000 families have \$1 million or more in wealth, not counting the value of their homes, according to a 2019 report from Joint Venture Silicon Valley, a research group. Median income is twice the U.S. average. Yet about 30 percent of Silicon Valley households rely on public or informal private assistance to get by. And an estimated 11,000 people are homeless. One job of the Silicon Valley Community Foundation is, quite simply, to get the region's rich to do more to help the poor.

The community foundation has over the years administered the charitable giving of some of the world's wealthiest people, including Facebook co-founder Mark Zuckerberg; Sergey Brin, co-founder of Google; Reed Hastings, chief executive of Netflix; Jeff Skoll, the first president of eBay; and Brian Acton and Jan Koum, founders of WhatsApp. Zuckerberg and his wife, Priscilla Chan, added \$214 million worth of Facebook stock to their donor-advised account on the day the foundation announced Taylor's hiring.

Taylor knows what it's like to be poor among the rich. She grew up in Los Angeles, at times without a home of her own. Her mother, Ionie Pablico, an immigrant from Jamaica, was a domestic worker for a well-to-do family for more than three decades; Taylor and her mom lived with the family for a time. Later, the two, who were close, lived together again for 20 years or so until Ionie Pablico died in February.

"I learned the value of hard work from her," Taylor says. "I learned that education was going to lead us out of poverty." Taylor excelled at Immaculate Heart High School, an all-girls Catholic prep school in Los Angeles, and won a full scholarship to Stanford. The first time she saw the Stanford campus was when she arrived as a freshman; she didn't have the money to visit beforehand.

Taylor earned a B.A. in human biology and a master's in education from Stanford. She taught school, first in well-to-do Palo Alto and then in impoverished West Oakland, an experience that led her into nonprofits and philanthropy. Except for a stint as dean at Arizona State University and then vice president of the ASU Foundation during 2017 and 2018, she has spent her adult life in the San Francisco Bay Area, working for nonprofits, foundations, and Stanford. "She knows the Silicon Valley community extremely well," says Dan'l Lewin, chair of the community foundation's board.

'Clear as a Sunny Day'

Taylor is intimately aware of the challenges facing community foundations. She worked at the East Bay Community Foundation in program and development jobs in the 1990s and again as its CEO from 2007 to 2013. One of the few people she knew when she moved to Arizona was Steve Seleznow, who has led the Arizona Community Foundation since 2010. They met for coffee, began dating, and were married last summer.

Her stellar résumé, community knowledge, and character won her the top job at the Silicon Valley Community Foundation, says Lewin. "She is as clear as a sunny day in terms of being her true self the moment she walks in the room," he says. Others agree that she's the right person for the job. "I'm a big fan of Nicole's and was very excited when she was hired," says Fred Blackwell, the CEO of the San Francisco Foundation, who has known her for years.

Before Taylor took the job, Greg Avis, a former board chair of the foundation who spent eight months as its interim CEO, worked to deal with the pain caused by Emmett Carson and Mari Ellen Loijens. A report from an outside law firm said that senior foundation executives engaged in misconduct, including "racial and sexual comments and other inappropriate comments and workplace behavior such as berating and bullying."

"Staff were wounded and at odds with each other," Avis says. "Morale was really bad. There had been high turnover and compensation issues, along with the issues of Mari Ellen and Emmett." Avis, board members, and employees engaged in hard conversations about what went wrong and how to fix the values and culture.



SILICON VALLEY COMMUNITY FOUNDATION

Under Nicole Taylor, the Silicon Valley Community Foundation is trying to link donors with effective charities, like the Big Lift, a program that seeks to improve early learning in the region.

The foundation's reputation with local charities had also plummeted. "They were really angry," Avis says. "They were not happy with the way they felt they were treated by Emmett and by some staff." By talking about how the foundation would serve donors, no matter what their philanthropic inclination, Carson led people to believe, rightly or wrongly, that his primary loyalty was to the donors.

What's more, by trumpeting the foundation's growth in assets, which peaked at more than \$13 billion, Carson created the misimpression that the foundation itself was flush with cash to give away. This is not

so: DAFs held the bulk of the money. The foundation made just \$14.8 million in discretionary grants in 2018 from an endowment worth less than \$200 million. The Sobrato Family Foundation and the David and Lucile Packard Foundation are smaller in terms of assets but bigger supporters of local charities: Sobrato made \$73 million in grants in Silicon Valley, and Packard's local grant-making budget amounted to about \$21 million.

As for the community foundation's donors, most but not all hung in through the turmoil. The foundation is unusually reliant on a few wealthy holders of donor-advised funds. In 2018, the foundation received 75 percent of its \$1.9 billion in contributions from just 10 donors. The year before, 69 percent of its \$1.4 billion in contributions came from 11 donors. Defections by any of those donors would be most unwelcome.

Donor Connections

All of that is why Taylor had a lot of repair work to do when she arrived at the foundation at the end of 2018. The staff wanted to get to know her, as did donors and local charities. Senior jobs had been left vacant. Working with executive search firm the 360 Group, Taylor brought in seven new executives to oversee fundraising, donor engagement, human resources, legal, finance, information technology, and marketing. "I've been running a marathon at sprint speed," she says — although not literally. For months, Taylor had an injury that kept her ankle in a stiff boot.

She's done some internal reorganizing, merging the foundation's development office, which brings in donor-advised funds, with donor engagement, which provides philanthropic advice to donors. She wants both to work closely with a third department called community impact, which makes grants and oversees programs like the Big Lift, an effort aimed at early learning. By encouraging more collaboration, the foundation aims to bring donors closer to effective charities.

"Donors wanted to get connected more to issues in the community," Taylor says. "Of course, nonprofits wanted connections to our donors and our donor-advised funds."

This sounds simple, but it's not. The skills needed to raise money and those required to give it away intelligently are different. Willa Seldon, a Bridgespan partner, says: "Given the complexity of the world that we live in and the range of problems that donors are interested in ... there needs to be a very tight integration of the content knowledge [with] the knowledge of what it takes to support a donor as a philanthropic adviser." Getting the right people in place is crucial.

Can't Go It Alone

All of this reflects the fact that the foundation can't do big things by itself. It can identify problems and set priorities. It can collaborate with government, business, nonprofits, and other foundations. It can be a catalyst that sparks big changes. But if it can't play well with others, its impact will be negligible. It is a relationship-driven business.

Deborah Ellwood, the president of CFLeads, an association of community foundations, says: "They have so many important roles that they bring to the table. They can share local research and data. They can work across sectors. They can work to influence public policy."

But to what end? A big unknown is whether Taylor, guided by the Bridgespan consultants, will bring greater focus to the foundation. For now, it's engaged in a wide range of projects and issues — housing, transportation, education, immigration, and the 2020 census, along with the new coronavirus response fund. Neighboring community foundations are more purposeful.

One thing is evident, though: The days when the community foundation measured its success by assets under its roof are over. Donors are vital, but they are a means to an end.

"The donors make it possible for us to do our work in the community," Taylor says. But, she adds: "We exist for the community. In my brain, the money's here to be given out. The money's here to be put to use. That's why we're here."

Nonprofit leaders in Silicon Valley say they are rooting for Taylor to succeed. Catherine Crystal Foster, CEO of Magnify Community, an effort to persuade Silicon Valley donors to give more locally, says: "I've met multiple times with Nicole and have been impressed by her personal commitment to the community. She spent months out in the field listening to nonprofits, and I think she heard their message loud and clear." Six local foundations created Magnify as an independent project in 2018, in part because of the leadership vacuum at the community foundation.

Taylor's experience gives her more than an abstract understanding of how important a community foundation can be, says Jennifer Loving, who leads a well-respected charity called Destination: Home. Its back-office functions are provided by the community foundation. "Nicole has been nothing but supportive," Loving says.

Looming Concerns

Other worries loom for Taylor. Some California legislators want to regulate donor-advised funds to ensure that they are being used as intended; critics worry that the generous tax breaks for donors are not warranted. "The mismatch between the public cost and the public benefit is a big concern," says Jan Masaoka, who leads the California Association of Nonprofits and has pushed a bill seeking more transparency about donor-advised funds. The Silicon Valley Community Foundation has joined with other community foundations and with the commercial sponsors of donor-advised funds to oppose even modest regulation.

What's more, unless donations to the foundation grow sharply this year — they didn't in 2019 — Taylor will have to cut the foundation's budget and lay off staff for the first time. The 11-year-long bull market helped to drive the growth of the assets under management held by community foundations, enabling them to collect more fees and increase their budgets. Those days are over, for now.

The coronavirus crisis will surely bring in more donations. But it is also showing that the foundation has yet to reclaim its place at the center of giving in Silicon Valley. In March, wealthy donors, led by Sheryl Sandberg of Facebook and including LinkedIn co-founder Reid Hoffman, Nike chief executive John Donahoe, Facebook chief technology officer Mike Schroepfer, and venture capitalist Bill Gurley, came together to launch their own coronavirus emergency fund to feed the hungry. They put up \$6 million and are working not with the community foundation but with Second Harvest of Silicon Valley, a well-respected local food bank.

Taylor can't do much about that. But she seems confident that the foundation is back on track. "We're off to the races now," she says. "Racing for impact."

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