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THE CHRONICLE OF PHILANTHROPY

OPINION

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How to Make a Big Foundation Effective

By William A. Schambra

Shortly after Warren Buffett announced his plans to give \$30-billion or more to the Bill & Melinda Gates Foundation, the foundation's president, Patty Stonesifer, said in an e-mail message to the foundation's grant recipients: "As we grow, truth-tellers will become ever more important to us. So please: Let us know when things are going well, and even more importantly, when they aren't."

I hope Ms. Stonesifer doesn't believe for a moment that this sort of lofty, offhanded invitation will generate the "truth-telling" and criticism she seeks.

The Gates Foundation is too large and intimidating to expect grantees or grant seekers to provide anything less than obsequious praise for whatever course it chooses. Furthermore, Gates is now the commanding presence in philanthropy, a field that already suffers from a deficit of truth-telling and democratic accountability.

If Bill and Melinda Gates really want to get the information they need to make their foundation effective, they should create a unit for systematic truth-telling within their foundation's institutional structure. Let's call it the Office of Second Thoughts.

This new office would not duplicate the work done by members of the foundation's advisory boards or the staff members who are in charge of evaluating grant-making programs. People who hold those roles tend to accept the premises of the foundation's grant-making programs, and focus on providing ideas to make those programs operate more effectively.

The purpose of the Office of Second Thoughts would be to step far back from the day-to-day grant making of the foundation and subject its deepest political, economic, and cultural assumptions to constant and rigorous re-examination. It would ask these sorts of questions:

- When we choose an approach to a problem, what competing, alternative paths are we rejecting, and what are we giving up by so doing?
- For established grant-making programs, has inertia, political correctness, personal ties, or lack of imagination confined the foundation to a framework that is obsolete or discredited?
- What sorts of unintended and otherwise overlooked consequences flow from our programs? For instance, though they may be achieving narrowly defined, technical objectives, are the programs nonetheless courting political reaction by

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ignoring and eroding surrounding social and cultural institutions, or undermining traditional sources of authority?

- Are the experts who run the programs inadvertently displacing and disabling local civic leaders who are vital to sustained progress? By virtue of implicit staff bias or shifts in the larger policy landscape, have we become captive to the political agendas of particular political factions or leaders?
- Are our activities, however effective, creating problems for democratic accountability?
- What are people in various walks of life honestly saying about the foundation around the table at Starbucks?

To achieve this sort of deeper truth-telling, the Office of Second Thoughts would have to be directed by a distinguished, senior public figure from outside the foundation, whose reputation has long since been established and who no longer lives at the sufferance of grant makers.

The director should have some experience in philanthropy, but more importantly, should have had a lifetime of immersion in the larger world of social policy and public affairs. His or her small staff of analysts should reflect a broad range of professional experience and political points of view.

The Office of Second Thoughts would pursue its questions by searching professional and popular literature and the news media for points of view critical of the foundation; by seeking unvarnished (and if necessary, anonymous) opinions from experts who are not grantees of the foundation and who can therefore view it with detachment.

But the office should also seek out the views of everyday citizens in the neighborhoods directly affected by its programs and pay close attention to the pattern of complaints coming to the foundation about its way of doing business.

The office would submit its reports directly to the foundation president, who could, if desired, attach comments, rebuttals, or "third thoughts," before passing them on within 30 days to the board of directors. To ensure some degree of independence, the Office of Second Thoughts director would be nominated by the president and confirmed by the board, and would be hired under a six-year, renewable contract, with a nonreducible salary and office budget.

These kinds of agencies for "second thoughts" are quite common outside the world of philanthropy, especially within institutions that have been criticized as remote and unresponsive to public concerns, or are so structurally insulated from criticism as to be in danger of detachment from reality.

As the federal bureaucracy came under that sort of criticism in the 1970s, for instance, Congress's answer was to establish a system of inspectors general within federal agencies. Although the inspectors general came to focus narrowly on fighting waste, abuse, and fraud,

they were originally intended precisely to provide second thoughts about the general goals and operations of their agencies.

Many businesses, health-care institutions, and news organizations criticized for lack of public accountability and detachment from reality have likewise created offices of ombudsmen, primarily to attend to otherwise unheeded public complaints.

For foundations, perhaps the most relevant comparison would be the newspaper ombudsman or "public editor," who not only handles reader complaints, but may also write internal memoranda and publish opinion articles critiquing particular reporters, news stories, and operating procedures of the newspaper.

The most interesting historical model for the Office of Second Thoughts might be the Central Intelligence Agency's "Team B" exercise from the mid-1970s.

Team B was a classic attempt to generate second thoughts within an institution that many had come to criticize as hopelessly out of touch with reality. Uneasy about the veracity of his staff's annual assessment of Soviet military capacities and strategy, George H.W. Bush, then the CIA director, asked an outside body of experts ("Team B") to examine the same set of data available to his in-house analysts ("Team A") and come up with an alternative assessment.

As reported by the renowned historian and Team B participant Richard Pipes, the CIA analysts tended to be scientists who relied on narrow, ultra-rational, "game-playing" models of human behavior for their projections of Soviet intentions.

Team B included distinguished public servants, historians, and foreign-policy experts who understood something about the more encompassing, "irrational" historical, cultural, and geographical determinants of Soviet behavior.

The outside experts concluded that the CIA had permitted their cramped, culturally constrained framework to blind them to the truth about Soviet intentions to achieve not parity, but overwhelming dominance in nuclear weaponry.

For Gates and its reliance on scientific approaches to solving health and education problems, Team B's lesson is this: Technology alone is not enough to understand or solve problems that are hopelessly complicated by layers of culture and tradition.

But those complications cannot be seen or understood by the scientists in charge, and demand a systematic effort to include wisdom and experience from the wider world through something like an Office of Second Thoughts.

Such an office might not be necessary, of course, if the world of philanthropy were inclined to provide within itself some measure of truth-telling and accountability.

The emergence of a foundation that should have its own ZIP code will

only exacerbate the problems caused by the lack of checks and constraints on foundations. They have no customers, stockholders, or competitors, as do corporations, nor do they have to worry about voters as do political institutions.

Television, newspapers, and other news-media sources that are expected to play a watchdog role over our major public institutions cannot even grasp the basic facts of, much less provide a knowledgeably critical perspective on, the activities of foundations, even in those rare instances when philanthropic activities rise to the level of public interest and notice.

Foundations insist that no such external examination or regulation is required because they are perfectly able to "police themselves."

But except in cases of egregiously criminal or immoral behavior by a foundation, none of the associations of foundations or nonprofit groups has shown the slightest inclination to flash a badge or wield a nightstick.

A field genuinely able to police itself must be built around internal checks and balances — a system of independent centers of power, relying on institutional jealousy and personal ambition to sustain internal scrutiny and mutual supervision. Think of the federal government's separation of powers.

But outside of some variation in ideological inclination among foundations (variation that tends to vanish behind a united front whenever anybody tries to regulate foundations and donors), philanthropy is devoid of contending and counterbalancing interests. On the contrary, the foundation world's chief virtues are, we are told in a never-ending mantra, collaboration, coordination, consolidation, and cooperation. These values may or may not improve operating efficiency. They certainly do nothing to build a system capable of self-policing.

What is the likelihood that, in the face of Gateszilla, the world of philanthropy will suddenly sprout checks and balances and truth-tellers?

Over time, an Office of Second Thoughts will become ever more necessary for Gates. It is sure to expand its power and reach beyond the narrow realm within which it currently operates, into the larger world of public policy. Indeed, it is even now recruiting a top official who, according to a job description, will "focus on reducing social inequities for the poorest in the United States."

This goal may reflect everyday assumptions in the world of mainstream foundations. But in fact it conceals a host of contestable presuppositions about the nature of poverty, the strengths and failures of capitalism, the purpose of government, and the relative importance of liberty and equality in the American political order.

Without subjecting that goal to serious and sustained "second thoughts," the unprecedented fortunes of two of America's foremost capitalists may soon be applied to radical changes in the system that

produced their wealth in the first place.

As things stand today, of course, there's absolutely nothing in our political system that could prevent such a departure.

But if the American people come to believe that their largest philanthropic enterprise has drifted carelessly and inadvertently into such a revolutionary undertaking, without subjecting its premises to constant self-criticism, then they may not be so complaisant about philanthropy's license. An Office of Second Thoughts is one way to prevent that development, by encouraging critical self-examination and democratic accountability.

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