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Foundations

Foundation policy concerns organization, method of work and relations to other institutions and the general public. Foundation program on the other hand refers to what interests, activities or objectives a foundation may choose to aid or maintain.

In point of organization there are two types of foundations: one selects one or more fields of activity and proceeds to operate directly in these fields with its own staff (e.g. Carnegie Institutions supported by the Carnegie Corporation); the other kind of foundation appropriates funds to other institutions (very rarely to individuals) whose plans or purposes fall within the program and satisfy the standards of the foundation. Experience shows that it costs from 5 to 20 per cent of the expendable income of a foundation to give money away effectively. There should be a Board of Trustees, preferably seven to seventeen in number, who serve for three to five year terms, renewable but subject to an explicit and undeviating retirement rule at 65, not salaried or paid, but prepared to attend meetings at least two and preferably four times a year. There should be an officer or officers on full time salary (also retiring at 65) and giving their entire time to the presentation of program to the Trustees, the investigation of requests, the search for opportunities and the supervision and final report on grants in force or terminated. Presentation by the officer should be in written docket form, circulated at least one week in advance of Trustee meetings. Trustees should be encouraged to discuss programs but should not be allowed to present docket items themselves and should withdraw from the meeting when grants are proposed for any institution with which the Trustee is officially connected. The founder or creator of a foundation will secure the best services from the Trustees and officers by refraining from over-riding or bringing proprietary influence to bear on their judgments and convictions. Therefore nearly all of the success of a foundation, new or old, depends on the excellence of character, alertness of mind and sound judgment of its Trustees and officers. No foundation can survive mistakes due to hastiness, sentimentality, favoritism, laziness, ignorance, bad manners or stupidity on the part of its officers - or its Trustees. The retirement provision is important because foundations more than other institutions must be alert to change, to new opportunities and to the oncoming interests of the future. They must have the energy, hope and adaptability of younger men in order to work admirably.

In method of work foundation officers should be responsible for finding, studying and judging programs of work and for presenting and explaining appropriations to the Trustees whose votes should be votes of well informed conviction as well as of confidence in the officers. The officers must be prepared to travel, to seek and study opportunities independent of requests; if not, the officers will be at the mercy of the clever "askers" - the expert showmen and clever beggars. This is singularly important in the first ten years of a foundation's existence. It is often impossible to judge the value of a proposed grant without comparing it with other opportunities. The knowledge that makes an effective foundation officer comes from imagination, common sense and cumulative experience. Foundation grants can be used to create new institutions, or to protect them in their earlier years, or to improve or reform existing institutions, or to restore them, or to maintain them until local funds take over. Those grants work best which are conditional upon contributions from the side of the recipient, such as matching of endowment, collaboration and maintenance funds from other sources, etc. Competent officers save their salaries many times over since casual, incomplete or irresponsible study of grants invites waste on a reckless scale.

Experience has shown the wisdom of rendering a published and well distributed annual report as an essential part of foundation policy. Such a report serves as the best portrayal of a foundation's interests and program. An annual audit should accompany the report. Except for the annual report a foundation making grants to other institutions should not seek publicity for itself or public fame; in the long view it can afford to wait for the high regard that will come best if not sought for. Attention and credit given to the beneficiary will reflect upon the foundation soon enough and in ample measure.

If two points may be underscored they are these: the character and capacity of a foundation's officers always determine its success or failure; and the thoroughness of their study, the extent of their travel and acquaintance with fine persons and their search for good opportunities have more to do with finding the best programs than anything else. You can't always conceive the germinal ideas but you can often find them and help others to realize them.

In short, the reason for and the best test of foundation policy is the measure in which it facilitates the choice of a fine program and carries it through to a first-class permanent result.

ALAN GREENE

sent to Robt. F. Bingham  
w. letter of July 2, 1945