Nonprofit Ethics Case
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NPA 601: Nonprofit Ethical Leadership
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1. Title

Growth at a human price: How Silicon Valley Community Foundation’s leaders fostered a toxic culture

2. Summary

This case study explores the unethical leadership within Silicon Valley Community Foundation (SVCF) and the toxic workplace it fostered, as exposed in an April 2018 investigative journalism report in The Chronicle of Philanthropy. Whistleblowers within SVCF triggered an investigation by The Chronicle, thus uncovering the unethical behavior of SVCF’s Chief Business, Development and Brand Officer, Mari Ellen Loijens. This report brought to light a toxic work environment filled with bullying and inappropriate behavior by Loijens, creating an internal culture of turnover, silencing of staff complaints, and threats, while SVCF’s CEO Emmett Carson looked the other way for years. In response to this report in The Chronicle of Philanthropy, the Board of Directors of SVCF hired an external firm to conduct an investigation into the allegations, resulting in Loijens’ resignation and the removal of Carson as CEO.

3. Applications

This case brings to light the ethical dilemmas that can occur within an organization, while from the outside, it appears to be succeeding and fulfilling its external mission to its community. This case study therefore allows for the nonprofit sector to learn from the Silicon Valley Community Foundation in the following subject areas:
**Unethical leadership:** This case shows the failings of leaders at multiple levels within the organization; as a senior member of SVCF’s staff who oversaw close to 40 people (Gunther, 2018), Loijens demonstrated reprehensible and at times perhaps illegal behavior in her role as a leader. While it appears that she excelled in her role as a fundraiser, becoming the top fundraiser for SVCF, she failed as a manager: “She is, by most accounts, an accomplished fundraiser. Her management skills, by contrast, are lacking” (Gunther, 2018). Loijens “routinely bullied and demeaned colleagues, made sexually and racially insensitive remarks and at times even threatened physical violence” (Gelles, 2018).

However, leadership ultimately comes down to an organization’s President or CEO, and Emmett Carson also failed in his role as the leader or SVCF. Multiple staff stated they had tried to bring up the toxic workplace culture led by Loijens to Carson multiple times but were brushed off or ignored (Gelles, 2018). One staff member reported “Anytime I tried to bring it up with Emmett, he immediately changed the subject. As a CEO, he either knew or should have known” (Gunther, 2018). Whether Carson did know about Loijens’ conduct and looked the other way, or if he truly was unaware, either way is a failing on his behalf as a leader. Ethical leaders must model the internal culture they wish to create, and by not taking comments from his staff seriously, thus enabling Loijens’ behavior to continue for as long as it did, Carson failed his staff and permitted a toxic workplace culture within SVCF.

**Toxic workplace culture:** Without strong, ethical leadership, a toxic workplace culture festered within SVCF. There was extremely high turnover amongst staff; between January 1, 2016, and the time of The Chronicle’s report in April 2018, 73 people had left SVCF, out of a total of about 140 (Gunther, 2018). Staff reviews on Glassdoor, an website for anonymous reviews of companies, were so bad that potential clients of SVCF decided not to open a donor-advised fund there (Gunther, 2018). One former employee described it as “‘a culture where basic human respect is not a priority’” (Gunther, 2018), and another former employee discouraged anyone from applying for a job at SVCF due to the toxic culture. This toxicity created a workplace environment in which staff did not feel comfortable providing input or feedback, were terrified of making mistakes, and feared personal retribution.

A lack of staff protections: Based on accounts from former employees at SVCF, it seems as if the human resources staff was impotent, if not complicit, in the creation of this workplace dynamic, as staff revealed that their reports to HR were also dismissed, allowing Loijens’ behavior to continue. After Loijens made sexually charged comments to an employee, HR “assured the employee that she would be protected - but required her to continue to report to Loijens” (Gunther, 2018). Other staff also reported that HR was aware of Loijens’ conduct, but there was repeated inaction.

**Growth at any cost:** The primary reason Loijens was able to get away with so much for so long was that she excelled at fundraising, and in her time at SVCF, built up the assets under management to $13.5 billion, making SVCF one of largest foundations in the country. Most every employee who complained about Loijens cited Carson’s desire for growth as the reason he ignored any negative comments about her: “Community foundations have historically been local affairs, vehicles for wealthy individuals to give back to their communities by investing in regional nonprofit groups. But Mr. Carson had a grander mission…. Mr. Carson pushed his team to raise as much money as possible, and the
foundation increasingly gave grants not just to local groups, but to national and international causes…” (Gelles, 2018). In his hunger for growth, Carson, and thus the foundation as a whole, lost sight of the meaning of a community foundation and its mission to serve the community in which it is located. Most importantly, this growth came at the cost of SVCF’s own staff.

4. Outcomes

The case study of Silicon Valley Community Foundation exemplifies many lessons in ethical leadership within the nonprofit sector.

- **Reliable and trustworthy ethical leaders and executive leadership:** When employees trust their leaders, and feel their voices are heard, a more functional work environment is created. Staff are more likely to stay if their voices feel heard, and if the workplace culture is conducive with positivity and mission-related objectives.
- Another lesson to be learned from SVCF is the importance of a **functional human resources department** that acts on behalf of the staff and takes action when action is needed. HR must also include whistleblower policies and protection for whistleblowers against retaliation.
- SVCF’s values of respect, accountability, and courage were all evaded under Carson’s and Loijens’ reign. This case demonstrates how organizations cannot serve their communities best if they do not have their own house in order internally. As a mission-driven organization, you must truly live your values, externally and internally.

5. Video

The videos below are samples of news coverage of the SVCF scandal at the local and national level.

**ABC7 News Bay Area: Silicon Valley Community Foundation CEO on paid leave**
Retrieved from [https://www.youtube.com/watch?v=o4GtCXwfCok](https://www.youtube.com/watch?v=o4GtCXwfCok)

- A former employee of SVCF shares her experience working under Mari Ellen Loijens, an experience that eventually caused her to resign. She believes SVCF should hold Emmett Carson more accountable for what took place within SVCF.

**Forbes: America’s Largest Community Fund In Turmoil**
Retrieved from [https://www.youtube.com/watch?v=wwRogPLgG0o](https://www.youtube.com/watch?v=wwRogPLgG0o)

- Forbes explores how SVCF grew into America’s largest community foundation by taking on wealthy tech clients in Silicon Valley, and traces the timeline of events leading up to its downfall and its effect on existing and potential clients.

6. Description

The Silicon Valley Community Foundation (SVCF) was founded in January of 2007 from the merger of two smaller community foundations in the region, the Peninsula Community Foundation and the Community Foundation of Silicon Valley. Community foundations are “grantmaking public charities that are dedicated to improving the lives of people in a defined
local geographic area” and are characterized by the mechanism of aggregating “financial resources of individuals, families, and businesses to support effective nonprofits in their communities” (Community Foundations, n.d.). The stated mission of SVCF is “to provide visionary leadership, strategic grantmaking, and world-class experiences by partnering with donors to strengthen the common good locally and throughout the world,” and it defines its core values as: “Courage, Collaboration, Inclusion, Respect, and Accountability” (About SVCF, 2020).

Dr. Emmett Carson was tapped as the first CEO and president of this newly formed community foundation. Carson had previously led the Minneapolis Foundation, one of the oldest and largest community foundations in the United States at the time (Jennings, 2011). Under Carson’s leadership, SVCF grew to become the largest charitable organization of its kind, with $13.5 billion in assets (Gelles, 2018).

Mari Ellen Loijens had served as Director of Development for the Community Foundation of Silicon Valley and, subsequently, SVCF since 2004 (Mari Ellen R. Loijens, n.d.). Loijens quickly rose to second in command under Carson’s leadership. An accomplished fundraiser, she was credited with raising over $9 billion for the organization, catering to the likes of Mark Zuckerberg, Jack Dorsey, Reid Hastings, and others of the highest profile donors from the tech industry. Her efforts garnered many large donations from clients and, through this relationship-building, SVCF had funded over one billion dollars in grantmaking by 2011 (Rae-Dupree, 2011). SVCF’s fundraising success was undeniable. However, while from the outside SVCF appeared to be a thriving and dynamic organization, the internal workplace culture was festering, and staff were turning over at an alarming rate.

SVCF made headlines in April 2018 when The Chronicle of Philanthropy published an exposé of the toxic workplace culture and management strategies carried out under the leadership of Carson and Loijens. In this and subsequent reports, employees shared examples of experiencing sexually and racially charged comments, emotional abuse, and even threats of physical harm. After learning that one employee had met with a donor without a partner, a practice which went against the group’s established norms, Loijens threatened the person with “If I ever catch you having a meeting by yourself, I’ll kill you” (Gelles, 2018). In the two years prior to the exposé, 73 of about 140 people left the organization (Gunther, 2018).

Employees brought their concerns both to the human resources department and to the executive leadership team. Yet, the system failed these employees; HR took no action, and leadership felt “untouchable” to those bringing complaints to the surface. The general, yet implicit, consensus was, “if you don’t like it, you can leave.” Some employees felt that it left them no choice but to turn to the press to have their voices heard (Boies Schiller Flexner, 2018).
The day after the exposé was published, Loijens resigned. Carson was placed on paid administrative leave for 6 months while the SVCF Board of Directors engaged an outside firm, Boies Schiller Flexner, to investigate the claims and alleged behavior of these two executives. The firm later was able to substantiate many of the claims, leading to Carson’s ouster. That was certainly not the end of the cost paid by SVCF and its donors. In January of 2020, The Mercury News reported that SVCF ultimately paid $1,068,839 to Boies Schiller Flexner for its services, $307,692 in severance to Carson, and $77,875 to Loijens. This is in addition to the $752,444 salary paid to Carson for the six months he worked in 2018 and the $242,236 paid to Loijens for her work through April 2018 (Woolfolk, 2020). As Marc Gunther (2020), The Chronicle reporter who originally broke the story, reminds us: “...had the workplace problems never occurred, the foundation could have used all of that money to help solve problems in Silicon Valley.”

SVCF is now led by Nicole Taylor, who has extensive leadership experience both with other foundations and as a dean of students at Arizona State University. Most recently, the organization has partnered with other Bay Area community foundations to establish and implement the COVID-19 Coronavirus Regional Response Fund, which will provide grants to local organizations providing services to vulnerable populations during the COVID-19 pandemic (Angst, 2020). Carson now serves as the COO of the Lucas Museum of Narrative Art, currently under construction in Los Angeles. The latest activities of Loijens are unknown, but her LinkedIn profile says that she is “focused on making a difference” in the Raleigh-Durham area (Loijens, n.d.).

7. Questions

Following are discussion questions elicited by this case of unethical leadership:
- How can leadership be made accountable for workplace culture?
- What types of behaviors within an organization do you view as unethical but, perhaps, not illegal?
- Should workplace culture within nonprofit organizations be held to a higher ethical standard, given the industry focus on mission and fiduciary responsibility?
- Should internal issues affect external clients deciding to do business with the foundation, or not?
- With new leadership in place, how does an organization regain the trust of both its staff and the broader community?
- As an ethical leader, how would you have handled your most successful fundraiser being accused of these allegations?
- When the executive leadership within an organization is so clearly failing, what responsibility does the board have to step in?

8. Resources

https://www.siliconvalleycf.org/
https://www.philanthropy.com/article/A-Star-Performer-Created-a/243159
9. Endnotes

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