Nonprofit Ethical Case:

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

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Background

- Silicon Valley Community Foundation founded in 2007 with Emmett Carson at the helm
- Defined itself as the “largest community foundation in the world”
- Manages philanthropy for clients through Donor Advised Funds
- $13.5 billion in assets
- Given over $6 billion in grants worldwide since 2007, 50% within the Bay Area
- Silicon Valley success story
Case Study in Unethical Leadership

- Culture of Growth over Mission
- Mari Ellen Loijens, Chief Business, Development and Brand Officer
  - High performer
  - Emotionally abusive
  - Sexual harassment, threats
  - Oppressive management
- Minimal response from HR
- Investigation began after *The Chronicle of Philanthropy* presented Emmett Carson, SVCF's high-profile, charismatic CEO, with allegations against Loijens
In the News

ABC7 News Bay Area: Silicon Valley Community Foundation CEO on paid leave

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.
Facts

2006
SVCF is Created
SVCF is created as a merger of the Peninsula Community Foundation and the Community Foundation of Silicon Valley

2007
Emmett Carson, CEO
Mari Ellen Loijens comes on as his second in command after serving as Director of Development for SVCF parent organization since 2004

2011
$1 billion dollars raised
SVCF has raised over $1 billion in funds to be dispersed in grants from its opening in 2007

April 18, 2018
The Chronicle of Philanthropy publishes report
The Chronicle publishes an expose on SVCF based on staff accounts of workplace culture

January 1, 2016 - April 18, 2018
73 out of 104 employees left

“Muskrat”
Term coined by employees to let Loijens know she had crossed the line

“She thought it was funny”
**Facts**

- **April 19, 2018**: Mari Ellen Loijens resigns
  - Mari Ellen Loijens resigns one day after the Chronicle article is published.

- **April 24, 2018**: The Board of SVCF hires Boies Schiller
  - Boies Schiller is hired to investigate the allegations. Infamous for his representation of Harvey Weinstein.

- **April 26, 2018**: Emmett Carson placed on paid leave
  - The Board of SVCF publishes Public Report on Workplace Investigation from their legal counsel's investigation.

- **June 27, 2018**: Emmett Carson resigns
  - Emmett Carson resigns after 11 years of service in conjunction with the Board publishing the investigation's findings.

- **November 2018**: Nicole Taylor named new CEO of SVCF
Compliance

● SVCF’s human resources department failed in their responsibilities to the organization and to the staff
  ○ Staff did not feel comfortable going to HR for fear of retaliation
  ○ According to SVCF’s 2017 990 form, they did have an existing whistleblower policy, but was it enforced?

● Mari Ellen Loijens’ behavior and Emmett Carson’s lack of response created a hostile work environment for staff
  ○ Loijens’ comments and pattern of behavior over years could qualify as workplace harassment under California law
Individual Responsibility

- **Mari Ellen Loijens**
  - Responsible for her own behavior and how she treated employees
  - Demonstrated fear-based leadership
  - Used her success as a fundraiser to get away with her actions

- **Emmett Carson**
  - As the CEO, the buck stops with him. Turned a blind eye to internal issues and ignored multiple staff complaints
  - The Board - arguing they had no idea it was going on - that alone is an issue even if true, that they should have known about a toxic culture that was in place for years

- **HR staff at SVCF**
  - Brushed off repeated complaints or did not take serious action to limit harm to employees
Organizational Responsibility

• The human resources department within SVCF should have listened to and protected its employees from abuse, and created an environment in which employees felt safe to report wrongdoing without fear of retaliation
• SVCF had an organizational responsibility to uphold its values of courage, collaboration, inclusion, respect, and accountability
Systemic Responsibility

• The nonprofit sector should view its workforce as an asset and, thus, protect those assets with the same level of responsibility as they would financial assets.
• The existence of whistleblower policies does not mean they are enforced.
• While foundations are nonprofits, their proximity to power and resources can corrupt, and they may not see themselves as accountable to the communities they claim to serve.
Stakeholder Analysis

Consequences of the SVCF’s toxic work culture:

Glassdoor Reviews and publicity surrounding the case create mistrust in the community and giving their money to SVCF

- Rose McGowan decided not to open a donor-advised fund after being tipped to look at SVCF Glassdoor reviews.
- Donors lost to publicity of the case

Former employees discouraging applicants from applying due to the culture

Current employees don’t trust SVCF to protect them and listen to them when reporting to HR

- Furthering a culture of turnover
Alternative Solutions
Preventions & Remedies

Executive Leadership
• Leadership on all levels (Board, CEO, C-Suite) - abolishing the fear of retaliation, willing to listen to reports and take necessary action. Prioritize the people over the $

Human Resources Department
• Treat all staff equitable and fair
• Action must be taken on reported misconduct and inappropriate behaviors

Prioritizing mission above all
• Putting employees and mission before revenue and income would alleviate the culture of protecting staff like Loijens, responsible for bringing in big donations

“The goal isn’t going to be growth at all costs — or even really focusing on growing the assets…”
SOURCE: Vox
Questions

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

Materials for other organizations to reference regarding this case study:

https://nonprofitrisk.org/resources/articles/the-dark-side-of-leadership/

https://www.councilofnonprofits.org/tools-resources/sexual-harassment-the-nonprofit-workplace