

Fiducient Advisors, Nonprofit Investment Stewards Podcast
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Behind the Scenes of a Successful Foundation with Jay Ruderman

[00:00:00] Welcome to Non-profit Investment Stewards with Bob DiMeo and Devon Francis from Fiducient Advisors. Bob and Devon are passionate about helping nonprofit organizations prosper. Whether you oversee endowment, foundation or retirement plan investments, this podcast exists to help stewards improve performance, reduce costs and discover strategies that enable your charitable organization to prosper and advance its mission.

[00:00:26] Now onto the show. Hello and welcome back to the Nonprofit Investment Stewards podcast. I'm Bob DiMeo, great as always to be joined by co-host Devon Francis. On today's episode, we have a terrific guest whose foundation is both very generous and highly impactful. One of our guest's colleagues reached out to me a couple of months ago and having listened to the Stewards podcast felt that his colleague would be a terrific guest and I could not agree more.

[00:00:55] I'm very excited. But before introducing our guest, Devon, how are you doing [00:01:00] today? Thanks Bob. I'm excellent. I am so excited to be joined by Jay Ruderman today. Jay is the president of the Ruderman Family Foundation, which is not a client of Fiducient, but which does very meaningful work. The foundation focuses on the inclusion of people with disabilities worldwide and on educating Israeli leaders on the American Jewish Community.

[00:01:22] Jay also has served on the board of directors of the Jewish Funders Network and he's a member of the American Jewish Joint Distribution Committee, executive committee. Jay is a lifelong Bostonian with not only an impressive, but also a very interesting background. He received his law degree and served as an assistant district attorney.

[00:01:41] He later became deputy director of the American Israel Public Affairs Committee (APAC) in New England. Jay also enlisted in the Israel defense forces and served in important leadership roles there. Jay is also a fellow podcast host. He has a podcast on social activism called All [00:02:00] Inclusive with Jay Ruderman.

[00:02:01] There's a lot more to say but suffice it to say that he's a very impressive fellow and we are glad to have him on the show. Jay, welcome to the show. Thank you for having me. Jay, it's so good to have you here. And it would be great if we could start with the Ruderman Family Foundation and your role, and for our listeners' benefit, the foundation's distributed grants of more than \$80 million to hundreds of grantees and partners in 18 plus years.

[00:02:25] So what really makes you so passionate about the work of the foundation? Well, I think if I go back into my history, like you mentioned, I was always interested in public service. And initially, I looked at philanthropy as sort of a very staid profession where you're, you're funding other organizations to do the real social impact.

[00:02:48] And I think over the years, I came to realize that philanthropy and distributing funds can actually have an activist role to it. So, since I [00:03:00] took over running the foundation professionally in 2008, I've merged the role of activism and philanthropy and a lot of the philanthropy that we do, we create the programs and then find the right partners to work with.

[00:03:15] So what I'm really looking to do with the foundation, I think we've had some success, is really to change society through not the traditional way of investing, but, through advocacy, changing the way people feel about certain issues. That's great. Jay. So, a very large portion of the Ruderman Family Foundation's grants have been directed toward the issue of disability inclusion.

[00:03:41] Can you tell us more about that? So, I inherited the issue of disability, but when we got involved as a foundation and I play a couple different roles, I'm the president of the foundation, but I'm also the chairman of the board. [00:04:00] When we got involved in the issue of disability, disability was more seen through the lens of charity, people who were unfortunate in their life circumstances and deserve to be helped.

[00:04:13] And that help often took the form of segregation. We sort of turn that on its head and said, this isn't about segregation. This is about empowering a very large part of our society to realize their rights. Now, we were not the only people doing this, but I think we put a tremendous amount of resources in it.

[00:04:35] And I think we were very innovative in the way that we sort of approached it. And, again, when I, you know, I can get deeper into advocacy, but there was a way that we did it through not just funding innovation but speaking out very actively in the media and social media and trying to get society to think differently about a huge segment of the [00:05:00] society.

[00:05:00] I mean, roughly 20% of the world's population has some form of disability and yet they're the most marginalized part of our society. In America, up to 70% of people with disabilities are unemployed and basically, outcast and marginalized in our society. So, it was a big, hairy goal, but I think that through different techniques and some of which developed over time, we're able to start getting society to look at people with disabilities a little bit differently.

[00:05:36] So, Jay, it sounds like you might be touching on this a bit, but I read a statement with respect to the foundation that talks about you push boundaries that ignite disruptive change. What do you mean by that? And can you provide some specific examples? So, the best example I can give to that would be our work in the entertainment industry.

[00:05:58] And you have to remember, we are a [00:06:00] foundation based in Boston, so really had no connection with the entertainment industry, but we began to speak out in the media against discrimination, against people with disabilities, and it could be on an airline or in a large department store, or it could be celebrities speaking in a derogatory way about people with disabilities.

[00:06:24] And we began to get some pickup in the media and that led us to Hollywood where routinely disability is a huge part of our entertainment. You know, we look at movies that portray disability and we want to see them. In fact, in the last 30 years, half of the men that have won the best actor Oscar have won for playing a disability, but yet people with disabilities themselves were ostracized from the industry by and large.

[00:06:54] So we began to criticize mainly movies in which A list actors were [00:07:00] playing disabilities. And from that, we got the attention of the entertainment community. And then, we sort of pivoted from that to going to the studios and saying, okay, you're not doing a great job on this, but how about agreeing with our principles that you'll at least open auditions for people with disabilities and there'll be a pipeline to have disability more authentically represented.

[00:07:25] And that was a disruptive issue. That was a way of using advocacy. And then of course, we began to use funding also and our latest, one of our latest investments was a million-dollar grant to the academy awards. They opened a new museum last month which will be the focal museum, I think, for the entertainment industry.

[00:07:49] In Hollywood, in Los Angeles. And we introduced our issue. So, it's, it's a combination of funding and advocacy and calling people on the carpet, but also giving [00:08:00] them credit when they do the right thing. And I think that's disruptive change. I think that we tapped into a desire in the entertainment industry to have more authentic representation.

[00:08:12] And I think disability was sort of the last group at the table and we were able to take a leadership role and really start to make that happen. I could see that. And Jay, have you seen this sort of high-profile participation and enrollment actually help advance your mission and purpose? So, the answer, the short answer is yes.

[00:08:32] I know many actors with disabilities. They're all seem to be working. We have had four major studios, starting with ViacomCBS, NBC universal, Paramount studios, and Sony pictures agree to our principles to have more authentic representation of disability. And we just didn't do it behind the scenes.

[00:08:55] We did it very publicly and had a press release and it got picked up on the [00:09:00] media. So, they're on the record and I think you're not going to see it change overnight. But you will see it, you will see change and just like, as we have in the African American community or the Asian community or any number of communities that historically have been ostracized from our society.

[00:09:20] And now, being portrayed authentically in entertainment. You're going to see that with the disability community, and what will be, like why are we doing this? As I said, we're not integrally involved in the entertainment industry. And I have no investments in that industry. But I do think entertainment influences society in the way they see people.

[00:09:45] And that's why, that's why I think it was vitally important that we took this role. I couldn't agree more, Jay. I think it's so important for folks to be able to look at the big screen or a TV screen and see [00:10:00] images of themselves and not just other people playing like you said, someone with a disability, but someone with an actual disability who is serving in that role as actor.

[00:10:08] So, it must be so rewarding to see the success of your initiatives take hold so soon, so that's wonderful. If we could shift gears for just a moment and as you may know, this podcast is titled the Nonprofit Investment Stewards podcast and we spend a lot of our time talking about investment programs.

[00:10:31] So if we could look at the approach that the Ruderman Family Foundation takes with regard to oversight of its investments. And perhaps, you could begin with the committee structure. And do you have any best practices in terms of committee structure that you could share with the listeners?

[00:10:49] We have a very small board. Our board is made up of five members, five trustees, one of whom is not a family member, [00:11:00] but we've taken those few trustees that have an expertise in investing and they have been the oversight for the financial advisors that we use to implement most of our investments. That's sort of the structure that we use.

[00:11:16] I think you have to understand, I run a foundation in the United States. A foundation, essentially, the laws in the United States allow families to set up a private family foundation and to put personal wealth into that foundation. But the money is really for the good of society. So, we're stewards of that money.

[00:11:42] And as such, one of the things that we have to do is we have to pay out 5% of the overall value of the foundation, the investments and the foundation every year. So, we're looking for a strategy where we can have [00:12:00] sustainability, where our investments are moderate-to-low risk and not high-risk because we have an obligation to do at least 5% a year, which at this point in time with the market seems pretty low, but there were times, that that seemed to be more difficult goal.

[00:12:24] And that's basically what I'm looking to do. I'm looking to maintain the corpus of the foundation's assets and I'm looking to grow it at least 5% each year. So, I would say, you know, we have a moderate strategy about growth. And Jay, that seems somewhat consistent with many of our nonprofit clients, whether they're overseeing an endowment or a foundation. There could be a spending policy in place that might be close to 5% even for a foundation.

[00:12:52] Yes. We've had such terrific returns here over the past 18 months or so, however many will look forward and say, [00:13:00] are we in a more challenging, lower return environment on a go-forward basis? So, I'm curious in terms of the overall asset allocation, and if there's been anything done, if you see that evolving, if it's changed and evolved, or if you expect the allocation of the foundation investments to change or evolve going forward?

[00:13:19] Well, we're in constant conversation and we have very close relationships with our financial advisors and we're always looking at what's going on in the economy and trying to adjust to it. There's this saying that one of my fellow philanthropists once told me that once you know one foundation, you know one foundation. So we're all, we're all different.

[00:13:42] Our structure or our investments happened to be about 60% held in a, in a privately held company and 40% in public markets. So, the 40%, we have a little bit more flexibility in terms of [00:14:00] what we can do. And the privately held company, we rely on the dividends of the company, but we really don't have as much leeway right there.

[00:14:08] So, it's a constant sort of juggling act to see what's going on and what we can do and what we can move. And, you know, we try to have a diverse portfolio. So, speaking of diversity, let's talk about alternative investments. Do you have alternatives in the portfolio? So, when we say alternatives, we mean hedge funds, private equity, perhaps real assets.

[00:14:35] And whether you do or you don't, is there any, uh, when you project out to the future, do you anticipate, maybe you would add alternatives, maybe reduce your exposure. What are your thoughts in that area of the market? Yeah, I'm open to many different types of investments. I can tell you that when COVID hit [00:15:00] in March of 2020.

[00:15:02] There was a big concern in the market. The market has since bounced back and gone higher than it's been, um, you know, in history, but you know, I did take a position at that time and say, I want to keep a certain amount in cash. And I just wanted to have that security. If everything, you know, went down the tubes that I had, I feel I had a responsibility to our commitments that we have made and to my staff.

[00:15:34] And, and I remember writing emails to my staff and saying, listen, your place is secure here. I've secured your place. I've made sure that that's going to happen. In terms of alternative investments, we're open to all different types of investments. And I do firmly believe in diversity because I think different parts of the market will rise and fall at different times.

[00:15:59] So [00:16:00] yes, and, and, and we do have these discussions, periodically, and, and I think that our portfolio is fairly diverse right now. And Jay, one of the hot topics in the industry, and actually it's really more than a trend. It seems like more, a secular shift, is ESG investing, environmental, social, governance.

[00:16:21] It's also sometimes referred to as SRI or socially responsible investing or sustainable and responsible investing. Does the Ruderman family foundation have any sort of ESG or SRI overlay with regard to investments of the, within the portfolio. And if not, is there discussion amongst the board members of possibly incorporating such an approach?

[00:16:48] So I would say that initially these approaches did not attract me so much because I felt like, okay, my workday to day is trying to have social limits. [00:17:00] That's what I do every single day. Look for organizations and investments and how I can invest in the non-profit world to have the most social impact that we can have.

[00:17:15] However, over time, there have been investments that we've made with organizations that are for-profits, but they're built for the good of society. So, we have invested in different projects, like for

example, companies that focus on tracking young people with autism and have a technology that, that, that does that.

[00:17:43] So families can be secure with their children and make sure that they're not going to be lost. We've invested in social impact loans where we've given money that are then loaned out to small, um, people that want to start small [00:18:00] businesses. And, you know, essentially those loans ultimately in this case became forgiven.

[00:18:06] But also, you know, we're now entering into a social finance fund where it's sort of interesting. We are going, for example, I'm going to give the example of a fund that we're invested in Israel. So, there is a dearth of scientists or people taking science right now in the country and the government wants to support that field.

[00:18:32] So what they'll do is if someone graduates four years with a degree in science, they will get, the government will give money back to the university. But the problem is, there's a big dropout rate. And with the dropout rate, the university loses. So, a group of philanthropists have come together with a fund saying we will fund tutoring and support systems to help people get through [00:19:00] university.

[00:19:01] Then when you get the money back from the government, we make our return. You know, with a little bit of interest. But the risk is, if the programs don't work, then we lose our money, but it's, this is, this is sort of a social impact investing that I think, you know, makes sense and his line is lined up with our goals.

[00:19:24] But you know, I think this is a moving target. I think that it depends on what the investment is and who my partners are. And a lot of these funds have the ability for us to sit in on the fund as a board member, which is a much more attractive proposition for us than just investing in a fund where we have no control.

[00:19:47] That's really interesting. And it almost gives you the opportunity for sort of double impact, if you will, with your investment dollars. We've got thinking of a hospital client of ours who, they really, fairly large investment [00:20:00] portfolio and they have a venture sleeve in their investment portfolio and they actually invested in some really advanced cancer treatment equipment and such.

[00:20:08] But it was part of the sleeve, if you will, of their venture portfolio and a group of nuns in order that, we worked with that, uh, made microloans to disadvantaged individuals. So, I like that opportunity for double impact, if you will. Right. And I think the great thing about philanthropy is that you can take risks. And you can take risks, you know, because we're not essentially looking at the bottom line.

[00:20:36] We can lose our investment and say, okay, it didn't work out, but we're in the business of giving away money, as opposed to a for-profit enterprise that might be like, hey, I went into this and I didn't get the return. Now I'm going to, I'm going to have to take it as a loss. For us, it's still a grant and we can count it as a grant.

[00:20:54] Jay, you mentioned something earlier, and this is sort of, uh, before we jump off the investment [00:21:00] topic here, uh, it's sort of quasi-investment question, if you will. You were talking about the initiatives that the foundation has embarked upon and the successes and such. I once had someone, I can't remember, it might've been one of the leaders of nonprofit studies at Northwestern university, but she said.

[00:21:17] Boy, so many folks go out and start initiatives. Yet there are so many different initiatives already in place. It would be great if before someone starts an initiative, they sort of maybe back one that really resonates and, you know, your foundation is really sizable and has a lot of scale and such, but I'm just wondering how you view that, the it's not buy versus bill, but it's beginning an initiative rather than joining an initiative.

[00:21:46] Yeah. So, Bob, I think you bring out a very important point. I think that anyone who's involved in philanthropy, and everyone defines their community different, it could be their city. It could be their state. It could be a country [00:22:00] or whatever. Often, philanthropists are not doing enough due diligence.

[00:22:05] They're saying, oh, I like this idea. I want to go with it. I've met with an organization. I like the people. I'm going to invest in them and they're not doing the due diligence to understand what else is being done out there. It's something that I always, with my staff and with the organizations that we're going to invest in, I'm saying.

[00:22:24] Do your due diligence and show me what else is being done out there. Cause I don't want to replicate it. And if it's out there, we want to invest in it. Let's figure out a way to partner with them. And I think that that's so important because there's so much innovation to be done and you can always find the little difference between organizations, but I see a lot of replication out there and a lot of it is wasted.

[00:22:48] For us, I've always gone into philanthropy where I'm looking for a vacuum, I'm looking for something in society that's needed, where we can jump in and there's not a lot of [00:23:00] investing. We can, through our, the way we work and through our investment, can have an outsized impact also using advocacy. You know, really looking for that blue ocean out there.

[00:23:11] Unfortunately, people invest in a lot of what's called red oceans where it's just so oversaturated. And I've never been interested in investing in a red ocean. So, Jay we've covered a lot today. What else would you like to share with our listeners who themselves are leaders of nonprofits? I think that people who are running nonprofits are by and large doing the good for this country and for the world.

[00:23:38] There are people that generally are not getting a lot of attention. But they're on the ground and they're changing lives and they have to draw a certain solace and a certain pride from what they're doing. A lot of times, it's a focus on politics and what politics can do with policy.

[00:23:58] But a lot of work can [00:24:00] be done on the ground that can influence governments. We've had a long partnership with the Israeli government and the American Jewish Joint Distribution Committee, where we have brought innovation on the issue of disability inclusion to Israeli society. But what we're doing is by introducing that innovation in partnership with the government, the government will take it over and therefore it will become sustainable by having the government make it part of its policy.

[00:24:30] So I think that non-profits can have a huge impact. And I think I saw, like, a figure where a large part of the American economy is the nonprofit sector. There's a lot of Americans who are working in this sector. And it's not easy work. It's, uh, it's working with a lot of different actors.

[00:24:52] It's trying to coordinate. It's trying to work together. And I think that we, as a society, have [00:25:00] to have a great deal of respect for people who are running non-profits and not look down on them and say, well, they're just do-gooders or whatever. It's very, very difficult work. And how do I know that?

[00:25:15] Because I see people in the business world, maybe towards the end of their careers, say, I want to get involved in the nonprofit world and make a difference and work on my legacy. And you cannot transfer for-profit business principles to the nonprofit world. They are two different animals. So, I just, I have a lot of respect.

[00:25:37] I mean, I've been working in this field for a long time. Without my partners in the nonprofit world, we would never have had the success that I think we've had. So well said, Jay. It's really nice to

hear your admiration for what you can only imagine without the organizations, the nonprofit groups, and so on.

[00:25:58] Just where we would be as a [00:26:00] society. I mean, there's a ton of room for improvement, but imagine where we'd be. So, well said. Before we let you go, I always like to, Devon and I will ask a guest outside of work and volunteer efforts. Those are almost one and the same for you, but we're curious outside of work and volunteer efforts, what do you truly enjoy doing?

[00:26:20] Well, first, my family, I have, you know, a wife and four children and I love them and we're close and I think family is so important. You have to have that, that base, uh, that you can come back to. You know, I enjoy to travel. COVID has certainly put a damper in that for the past 18 months.

[00:26:39] But, uh, hopefully, you know, we'll get back to some interesting travel. I like to read, I work out consistently, and I enjoy that. You know, I try to lead a full life and, and, and the thing that, since we live, I work in a family environment. Sometimes, it's hard to put it aside. [00:27:00]

[00:27:00] But I'm always advocating to have the time to put that aside and to spend time with the family. Cause that's, you know, in the end, you can do great work and you can be super successful, but I really believe in the end, it's your family that's going to remember you and that you're gonna have the closest ties to.

[00:27:18] Jay, thank you so much. The Ruderman Family Foundation clearly does such meaningful work and it's been a real pleasure to have you on the show. Thank you for sharing your time and your expertise with us. If listeners want to learn more about the foundation, where should they go to do that? Sure. Well, thank you.

[00:27:35] It's been a pleasure speaking to you and to Bob, and I would direct people to our website, Rudermanfoundation.org, and also check out my podcast. I do a podcast called All-inclusive with Jay Ruderman, which you can find wherever you find podcasts. And I interview, um, someone every couple of weeks who has really [00:28:00] excelled in a different form of activism, because I think activism is really important in our society.

[00:28:05] Okay. Thank you. It's been absolutely wonderful having you on the show. I truly admire the work you're doing and the foundation and, uh, appreciate you sharing your story. Thank you so much. Thank you. It's been a pleasure. And thanks so much to our listeners. As we head towards year end here, I want to make you aware of one of our short, but very timely, blog posts called how to make investment committees more effective.

[00:28:28] We'll add a link to the show notes on that, and also, the resources that Jay mentioned. So, to all you good stewards, thanks for investing your time to help your nonprofits prosper. We'll connect with you soon on the next episode. Thank you for listening to the Nonprofit Investment Stewards podcast. Click the subscribe button below to be notified of new episodes and visit Fiducientadvisors.com for more information. The information covered and posted represents the views and opinions of the guest and does not necessarily represent the views or opinions of Fiducient Advisors.

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