

Fiducient Advisors, Nonprofit Investment Stewards Podcast
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Amplify Your Impact Through Strategic Philanthropy with Caren Yanis

[00:00:00] Welcome to Nonprofit 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 cohost Devon Francis. On today's episode, we have a guest who has worked with and for some pretty famous people. She's about to share very useful insights that apply to nonprofits for sure, but also to wealthy families and even for-profit businesses.

[00:00:53] It's a great time of the year to focus on all of this. But before we jump in, Devon, how are things? Thanks, Bob. [00:01:00] I'm excellent. I am so happy to be joined today by Caren Croland Yanis. After building and running foundations for Oprah Winfrey and the Crown Family in Chicago, Caren started Croland Consulting to help high net worth families and businesses develop philanthropic practices in line with their values.

[00:01:17] Her focus is on governance, cross generation engagement, strategic planning, and evaluation. Caren helps philanthropic professionals realize efficiency and potential using evidence-based tools. Caren is also the chair of the board of The Poetry Foundation and serves on the board of the Lilly Family School of Philanthropy and the Women's Philanthropy Institute board, both at Indiana University.

[00:01:41] Caren has also done a lot more than that, including helping Oprah launch schools in Mississippi, Africa, and beyond. Caren, thank you so much for being on the show. We're happy to have you here. Devon, it's a pleasure to be here. And Bob, thank you so much for the invitation. I've followed your work at DiMeo Schneider and now at Fiducient for a [00:02:00] number of years.

[00:02:01] And I think that your goals, beliefs, and principles, and the way that you follow through on them are just really genuine and ethical. And so, I'm thrilled to be here with you. Oh, thank you so much, Caren. And we're just so pleased to have you on the show. And as I mentioned, it's a great time of the year to be thinking about really the many things and values that you add in terms of working with nonprofits and families and such, but before, you have a pretty extensive, and I would say kind of a fascinating background. Maybe we can start with the evolution of your career.

[00:02:31] And what brought you to this point in your professional endeavors? Well, you know, when Oprah was looking for someone to build structure behind Oprah's Angel Network, which was a public charity that launched on television, there was a television segment every Monday where she gave away a hundred thousand dollars a week.

[00:02:49] And in the late nineties, 98 and 99, first Paul Newman, who, and this is going to date me, had just started Newman's Own, offered a hundred thousand dollars. And [00:03:00] prior to that, Oprah was funding the entire thing herself. And it really wasn't set up as a public charity, but because of that donation and the donations of lots of viewers.

[00:03:10] It became a public charity. And then Jeff Bezos came on following Paul Newman a few months later and donated 5 million in Amazon stock. And just to give some perspective, that's before the Kindle was introduced. So, I came from a broadcast journalism background. I'd worked with Time Magazine, the Wall Street Journal, major publications, elevating their content, um, from the social service side.

[00:03:34] And I also started, helped start and run a school foundation for a number of years and worked with a mental health non-profit. So, I had, I had two sides that worked perfect to move into entertainment and philanthropy. So interesting. And maybe you can talk now about the current role in Croland Consulting and, and what you do in terms of seeking to add value for the clients and the folks that you work with.

[00:03:56] Well, Bob, the work I do is really gratifying and it's [00:04:00] also a lot of fun. I have a boutique advising firm. I work with families, celebrities, athletes. I've recently worked with an NFL player. And I help families develop the

value proposition, um, which is really enormous, really understanding why go into philanthropy to begin with. We build knowledge, purpose, and ultimately legacy.

[00:04:20] And families come into philanthropy because of inflection points. And there are three. One is because of liquidity events. A business has just been sold or made, or the planning is being done to sell a business. One is life cycle events. So, someone in a family has recently passed or gotten married.

[00:04:39] Children are being born into the family and the family wants to stay together. And then lastly, legacy. This concept that may take place with the senior generation of how do I instill the values and engage my family in something that's purpose-driven with the amount of, you know, with, with the vast sums that we've been able to amass because of our [00:05:00] investments, because of our relationships with the nominal wealth advisors.

[00:05:04] And then go from there. And it's almost impossible for any family to do this by themselves. So, I help families navigate and build bench strength. I'm a cross between a strategist, a guide, and a coach, almost like a Sherpa, carrying baggage with families and helping them get there on the journey. I like that metaphor of the Sherpa.

[00:05:25] So Caren, what are some of the biggest challenges your clients are facing today? Devon, I would say that the biggest challenge for clients is overcoming assumptions. And there are assumptions that families have about each other. So, imagine a senior generation family member who reads everything they can get their hands on and sees the emerging generation not reading paper the way, the way they do.

[00:05:48] And wondering does this emerging generation really get the information that I have? So, busting some of those assumptions, the assumptions about the nonprofit sector, [00:06:00] are organizations designed to serve the public, making the business case? Some of them have high overhead, which means people think they're profit seekers versus qualified do-gooders.

[00:06:10] So how do you bust the assumptions of what it takes to really run a good, a good nonprofit? Assumptions about sources of philanthropic capital. Like social change can only be done through tax exempt funds. And we know that's not true. And also, assumptions about diversity, equity, and inclusion. People misread how powerful it is to have a diverse group of voices at the table shaping strategy. We're truly stronger together.

[00:06:35] So I think overcoming assumptions we have and being able to break out of the box is one of the biggest challenges the clients have. Caren, that's fascinating. Do you have any real-life examples that illustrate that? Oh, you know, many. I chair the board of the poetry foundation here in Chicago. I formerly was a director and I'm still on the, I'm on the finance committee.

[00:06:57] And the poetry foundation received an [00:07:00] enormous request from Ruth Lilly in 2002, she left \$200 million. We've been able to really build a set of assets. We have a wonderful, wonderful library of poetry. We have a performance space and incredible marquee building here, and a website that reaches sometimes millions of viewers in schools.

[00:07:20] And the assumption was that we were moving along in a way that was really positive. But when George Floyd was murdered, we got a letter from 1800 poets and we had to really, we had to really challenge that assumption. We did an equity audit and had some, had a group come in and take a look at our practices.

[00:07:42] And what we found was that we were making assumptions that were totally incorrect. And we were not as diverse and inclusive as we needed to be. So, we've spent the last year and a half working a lot on becoming a more equitable organization. And I think we're getting there, but being able to say, look, [00:08:00] we've been operating under this, under the assumption that we're doing the right thing and challenging that, and having to go back and, and make some very, very strong, but different decisions than we would have previously.

[00:08:12] Yeah, that self-reflection is so important and really the only way for an organization or a family or whatever to move forward I think. So, Caren, we've talked about the biggest challenge being overcoming assumptions. What are some of the biggest opportunities that your clients are faced with today?

[00:08:32] The problems we're facing as a nation and globally are so enormous. One set of tools is no longer enough. The pandemic alone has left more people food and housing insecure, meaning that they don't know, that they don't

have enough reserve to pay for the next month's rent, or they may be on the verge of eviction for some other reason, or they don't, have to make really hard decisions about, am I going to eat or am I going to pay my [00:09:00] rent?

[00:09:00] Or am I going to pay my medical bills? All of this leads to trauma that exacerbates a multitude of other issues, in particular mental health issues. If you're not exposed to what's happening, it's easy to dismiss it. But with the pandemic, it's the people we know, the teachers, the healthcare professionals, restaurant workers, delivery people, gardeners, and suddenly it's on your street.

[00:09:21] It's touching the lives of your family. It's in your neighborhood. Or affecting your business. And it's an entrance to understand philanthropy at two levels. One is, how do you help the folks that really need help right now? And the other one is how can we strengthen the social safety net? Because it helps everyone.

[00:09:39] So engaging families across generations to become more proximate, to learn directly from organizations that are working with people, from people themselves, to go outside your own home and listen to what's happening, listen to the, hear the issues firsthand and some of the solutions that have worked. And I think that's, [00:10:00] that's a particularly important thing.

[00:10:03] So let's shift gears a little bit and talk about governance. Why do you think governance matters? And do you have any practical tips from working with your clients and in your board engagements that you could share with listeners? Absolutely. And, you know, I listened to one of, one of the podcasts that I listened to from June of 2021 with Adam Newell, Adam talks a lot about governance and some of the basic tools that families need, like, like making sure that everything's codified, meeting, um, agreements.

[00:10:34] So regardless of what sources of philanthropic capital families deploy, governance is really critical to success. So, private foundations require it. You have to have regular, you have to have an annual meeting, sometimes more meetings. Um, family councils help build it. It's not required. Donor advise funds don't require it, but families benefit from governance, whether it's required or not. Many high net worth families have a [00:11:00] multiple, multiple sources of going philanthropic capital.

[00:11:03] Some of them are fiduciary like private foundations. Some of them are advisory like donor-advised funds often. Often, they're trusts. Sometimes there are endowments at universities or secondary schools that have been in the family for a long time. One of the things that's really important to think about, is that in a family philanthropy and high net worth families, there's no natural creditors.

[00:11:26] There are no market forces. And other than the IRS, there's really not a heavy, heavy lift in terms of compliance. And if you go afoul of the compliance issues, you really don't have the right advisors because it's, it's not that difficult to do. It's the low hanging fruit. What matters is conscience, reputation, and legacy. Governance is critical for longevity.

[00:11:50] Um, there's a few six and seven generation families out there and they exist because of good governance. The certain family is one that, that comes to mind. That's I think a [00:12:00] seven, maybe an almost eight generation family that puts an enormous amount. I think it's a \$2 million endowment. It puts an enormous amount of funding into a variety of issues every year.

[00:12:11] And family members are still engaged, but they're engaged because there's term limits, there's clear roles and responsibility. There are meeting agreements. There's a lot of clarity around how it operates and it's, that's not to say that it's intractable. Any kind of government should be resilient and be able to be contextualized for the time.

[00:12:33] And that's not all that difficult to do, but making sure there's a process to do that is absolutely critical. Caren, that's really interesting. You talk about the lack of rules. Let's say, you know, we advise nonprofit organizations, we advise private clients, wealthy families and such, which makes this a particularly exciting episode, but we also advise retirement plans and they follow ERISA law and it's very strict and very detailed.

[00:12:58] That almost makes it [00:13:00] easier. It's interesting what you just shared, which is the lack of a large number of rules really kind of raises the bar. It makes it almost a little bit more challenging. I know one family that calls them bumpers. People can do whatever they want to when they're by themselves. And frankly, often, the families that I work with, um, individuals have access to their own personal philanthropic capital.

[00:13:24] It's the collective work that happens around philanthropic capital that really requires that governance model. And being able to go back after every meeting and say, all right, here are the minutes. Here are the decisions that are made so that you're taking it step-by-step and each meeting builds on the last.

[00:13:42] And there are responsibilities. People know what they're responsible for when they sit down at the table. Another, another thing I've done with a lot of clients that is that I find fascinating is trying to equalize, level the playing field in the boardroom. So, making sure that people [00:14:00] understand decisions about philanthropy get made in the boardroom.

[00:14:03] You can have conversations outside, but you need to come back here to actually decide so that it can be codified and clarified. Also, family members calling each other by mom and dad, you know, the next generation looking up and saying, okay, mom, that sets the tone of, um, of subordinates. And if the emerging generation is taking over a directorship role, that means something that really has some agency to it.

[00:14:31] It's important that that subservience isn't there. So, I urge my, the families that I work with to call each other by their first names at the board table. You can put on a different hat when you're at the breakfast table, but at the board table, when you're referring to an action that's been taken by a family member.

[00:14:48] Um, level up the playing field. It really sounds like a lot of intentionality, an umbrella or backdrop of intentionality, which quite frankly, I think leads nicely into a discussion on [00:15:00] strategic planning. And I know you do a lot of work with attempting to help clients align their philanthropic practices with their values. And what, what should those sorts of individuals and organizations be thinking about or doing right now?

[00:15:15] You know, it's a great question, Bob. And one I think about all the time. I do a lot of speaking at conferences for families and, and for advisors. And one of the first questions I get when people think that they're thinking strategically is, should I set up a private foundation or a donor-advised fund?

[00:15:31] I hear about funding a nonprofit, doing great work. We've been funding this, and we're thinking very strategically about this nonprofit. Well, unless you're sitting on the board of that non-profit, you're not really thinking strategically. You're helping to support it. I've also had people say, you know, we strategically invest in healthcare and that's great, but unless you can really narrow it down and understand what change you want to see in healthcare, it's not strategic.

[00:15:56] So when people think about strategy, they think [00:16:00] about what assets they have in their families. And they're not just financial assets, right? What social networks? What social capital do you bring to the table? What intellectual resources do you have that can help? Because money is not an animas thing.

[00:16:14] It requires people to really want to, to create change. And then think about the change that you want to make. Often, we'll take a deep dive into family values. And I actually have a tool that I use called philanthropic asset mapping. That takes a look at all of the philanthropic sources that families have used over a number of years.

[00:16:35] And sometimes that's just, you know, where did your grandfather volunteer? What did, what did they care about? And we start to, um, and then we start to squeeze it down into something manageable. And often, there's an epiphany and a family member says, all right, we've been working in healthcare and community, but what I really care about is youth homelessness and mental health, and it fits right into that space. [00:17:00]

[00:17:00] And all of a sudden there's a really clear direction. We're going to work in this geography and we're going to support and elevate the ability for nonprofit organizations to start to reduce the number of youth on the street and reduce the number of youth who are having mental health issues. So, I think strategy comes about kind of like putting things into a funnel and narrowing them down and being very, um, and being very thoughtful and deliberate about what problems you want to solve.

[00:17:31] That's so fascinating. And, you know, I certainly understand the view of a funnel, but also I am, uh, when you were describing it, I was picturing kind of a philanthropic family tree almost with the branches extending outward. So, uh, that's a really interesting tool that you have. I love that. I love that, Devon.

[00:17:50] I'm sorry to interrupt you, but I love that. I love that image of a family tree kind of leading back down into the ground because it, it represents both the [00:18:00] work and the purpose of the family can do together and the enormous impact that they can have on the landscape if they learn together. Let's talk about investments for a bit, as you know, this is the Nonprofit Investment Stewards podcast.

[00:18:12] We spend a lot of time talking about the investment landscape. How have you seen all of this work that you've been talking about translate into investment strategy of an endowment or a family foundation? ESG is a term that has become kind of a, it's been coined and it's hung onto by a lot of people, but it can mean a lot of things and it's not actually new.

[00:18:37] We used to call them SRIs or mission-related, mission-aligned investing, but really thinking about both filters and the way families and foundations can be active in making a difference. So, I know families who have been really involved in shareholder, shareholder activism, which is something that's been done on the investment side for a long time.

[00:18:58] But when you think about the environmental [00:19:00] footprint of a company, and family members becoming really active, it's a very different thing. There are families that have invested, um, and made their money in fossil fuels and the Rockefeller foundation, the Rockefeller family is one of those families.

[00:19:15] That's been very vocal and very public about divesting from fossil fuels. Looking at the S and P 450, as opposed to the S and P 500, gives you a lot of insight. And there was a period of time it did much better, the 450 did much better than the, than the 500, really thinking about what that means.

[00:19:33] Understanding good governance and how corporations deal with their cultures is something that we should be looking at no matter what, because that's about making good investments. We're going to, companies that are not, that don't have good governance aren't going to last all that long. They're not going to retain their employees, but environmental sustainability is really critical to a lot of businesses.

[00:19:53] Imagine a soda company without access to clean water. Um, there's, there's so many things to think about and we're so far [00:20:00] away from, maybe 15, 20 years ago when it wasn't all that unusual for a family to be very focused, strategically focused on curing lung cancer and the investments were in tobacco.

[00:20:13] I mean, I think that there's much more of an alignment right now. There's also a lot of focus on diverse managers and working with diverse managers. I've spoken to people who have said to me, there aren't that many diverse managers out there, but there are. There are a lot of people making great investments who bring differing opinions to the table and it's worth investigating.

[00:20:36] Caren, whether it's on the investment front or perhaps even beyond, you have so much experience with a variety of, of different sorts of clients. Are there any best practices that you'd suggest for investing, investment committees, or even beyond just in a broader sense? I think investment committees that have opportunities to talk with managers learn a lot. [00:21:00]

[00:21:00] And that's one of the things that I've found really helpful in my own experience. Um, learning, learning what they're, um, what they're focusing on, how they're, how they're investing. And just starting to get to know some of the people who are behind the scenes can be very helpful. It's also time consuming and not something that everybody can do.

[00:21:18] So, I think bringing together people who care deeply and aren't just sitting in rubber stamping the investment policy is important, is an important thing to do as well. Beginning with the end in mind, whether it's with the programs or with the investments, have a focus, what is it that you want to accomplish? Using filters, right?

[00:21:38] Being able to say, okay, we're not going to invest in for-profit prisons. Right? We're working with, um, we're working with disadvantaged children, children who have multiple ACEs, um, multiple childhood traumas. And we feel that private prisons aren't helping solve that problem. So we're going to divest from private prisons. Figuring out [00:22:00] what those filters and being very focused on ensuring that those filters are in your portfolio.

[00:22:06] There's a lot to invest in right now and a lot of ways to look at it, but make sure that you're not trying to solve a problem that you're also causing. I would also say, you know, creating landscape scans, creating landscape scans of issues that look across, not just at who's trying to solve the problem from the, um, from the social side on the program, but who on the business side, who in the corporate side is also thinking about this problem, right?

[00:22:30] Have the corporations really settled in and are they trying to solve problems? And more and more are leading that way. So, in his 2021 CEO newsletter, Larry says, we know that climate risk is an investment risk, but we also believe the climate transition presents a historic investment opportunity.

[00:22:54] Now that was a big departure from Larry think previously. So, I think at the [00:23:00] very top, there's a concern about what our world looks like in the next 10, 15, 20 years, regardless of politics, right? These are, these are things that are essential to our own survival. And corporate engagement in, um, in investments is really important.

[00:23:18] Oh, so Caren we've covered a lot today. Is there anything else that you'd like to share with our listeners? Many of whom oversee endowment and foundation portfolios. Think holistically. Create a holistic plan to further the issues that you care about. Do landscape scanning. And make sure you understand who's working on those issues.

[00:23:38] Talk to peer organizations. Um, and find out how, what strategies they're using. There are some great groups out there for financial advisors or for foundations and nonprofits, FFOG is one, GINN is another one, G I N N, on impact investing where it's just a go-to site that you can learn a tremendous amount about impact investing and what's happening on [00:24:00] a corporate side.

[00:24:03] So Caren, this has been absolutely wonderful. I'm going to put you on the spot just a little bit though, because we're having some fun here. When I think back about the work you've done in helping Oprah open schools in Africa and beyond, and some of the work you've done with the Gates foundation and Bezos and so on, I'm just curious, when you think about all of the work you've done, can you point to an example or a particular instance where you were just blown away and just had great personal feelings at, at the success?

[00:24:29] Oh my gosh. There's so many. With Oprah, we opened a boys and girls club in Kosciusko, Mississippi, and it's a project I worked on for a long time. Um, I went down to Kosciusko, and they had put together a, a group of tenants. Um, five of them were from the white business community and five of them are from the black business community and the conversations that were initial in the development of that boys and girls club really opened my [00:25:00] eyes to some of the significant issues that, um, that we wanted to take care of, that we wanted to work on through that boys and girls club.

[00:25:09] But just bringing these group of business owners together who had never really sat down at a table together because even though segregation formally doesn't exist, it's very real. Um, we had some of the most amazing conversations and when that club opened, it was game-changing in Kosciusko, Mississippi, which is where Oprah was born.

[00:25:30] And that was an incredibly proud moment for me. But I know that these issues aren't, they're not gone. They're still very, very, very much there. Um, and things that we need to work on. Well, and you're doing much meaningful work. So, Caren, thank you so much for joining us today. You've shared so many great insights and actionable recommendations for folks to follow.

[00:25:56] If listeners want to learn more about the work that you're doing or access [00:26:00] resources, where might they look for that? They can go to my LinkedIn and send me a note and I will send updated information. I do a lot of writing and a lot of speaking. Um, so it's very possible that people will be at a conference that, um, that I'm speaking at.

[00:26:15] I often, and I also do a lot of teaching. I teach at booths in the wealth, in the private wealth management program. And I have a course on strategic philanthropy in the master's program at Tulane. Busy woman. Well, we are so appreciative of your time and the expertise that you've shared with us. So, thank you so much for joining us.

[00:26:34] Thank you. Thank you, Caren. This is a lot of fun. I'm glad we were able to, to pull this together and, and really appreciate all the insights you've shared. As always, thanks to our listeners. We know many of you oversee portfolios for your nonprofit organizations, and these markets probably have you wondering what to expect.

[00:26:52] Want you to know that Fiducient Advisors just updated our capital market assumptions. They offer perspective on what to potentially expect in terms [00:27:00] of returns and such from stocks, bonds, and other asset classes going forward. And we recently recorded a webinar that we think you'll enjoy. You can access it without any costs through a link in the show notes.

[00:27:12] So to all you good stewards, thanks for investing 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.

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[00:27:46] Always seek the advice of qualified professionals familiar with your unique circumstances.