

Fifty Years of Philanthropy

The Gaylord and Dorothy Donnelley Foundation, 1952-2002

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Note to Readers: This essay is an informal historical overview based on an examination of board minutes, 1952-2001, selected "Board Books" and oral history interviews with Jane Rishel, Strachan Donnelley and Laura Donnelley-Morton. In addition, the author consulted various histories of American philanthropy to better understand the cultural and political context within which the foundation developed.

The founding of the Gaylord and Dorothy Donnelley Foundation was modest. A three-member board of directors, plus an appointed treasurer, met on December 19, 1952, in the president's office of R.R. Donnelley & Sons Company in Chicago, Illinois. Directors quickly approved a simple set of bylaws, elected several officers, noted the foundation's initial assets (\$6,250 worth of Continental Oil Company stock) and awarded grants totaling \$2,900 to four institutions: Chicago's Art Institute and Presbyterian Hospital, Yale University and the University of Chicago. After 15 or 20 minutes the board adjourned, not to gather again for three months. The Gaylord Donnelley Foundation (as it was originally named) began with minuscule financial assets, no staff, limited scope, uncertain plans and no public attention. Over the next fifty years it was destined to grow slowly and steadily, eventually maturing to a position of vitality, vision and philanthropic recognition. By 2002 its stature and reach could scarcely have been predicted by its founders, but their foresight and ideals had an indelible impact.

The funding father

While unnoticed in Chicago's civic life and the nation's philanthropic circles at the time of its birth, the Gaylord Donnelley Foundation was rooted in two longstanding and complementary traditions, one civic and the other familial. The first was a distinctive American habit of voluntary service and private charity. This ethic intensified in the early 20th Century, when captains of industry like Andrew Carnegie and John D. Rockefeller donated large fortunes to create family foundations. This "Philanthropic Revolution" proliferated in the boom years following World War II, with the establishment of thousands of new foundations, some very large (like the Ford Foundation) and many others that were smaller. Historians of this phenomenon have attributed it to various impulses, including religious or civic altruism, the yearning for peer stature, a sense of immortality through perpetual giving and the desire to minimize high income and inheritance taxes. Whatever the motives, the trend was a conspicuous feature of postwar America.

The second tradition was the Donnelley family's sense of religious and secular duty. Through several generations the family accumulated wealth through the rising fortunes of its

printing company, founded in 1864 and until recently the world's largest. Gaylord Donnelley, born in 1910, inherited not only some of the wealth but also two fundamental family obligations: working for the company and devoting a generous portion of his material blessings to human betterment. Educated at Yale University followed by a year at Corpus Christi College of Cambridge University, Donnelley appreciated books and bookmaking as well as the company's general publishing business. A gregarious man with many civic commitments, he still made plenty of time for the joys of nature, hunting and his family. His philanthropic bent, which his daughter Laura characterized as "bred in the bone," was genuine and not showy; and he took pains to instill it in his children. He and his wife Dorothy Ranney Donnelley shared equally and enthusiastically in this commitment, as she also came from a prominent and public-spirited family. To young Laura's curiosity about weekly offerings to their church, Gaylord once explained, "Because God gave us more, so we need to give more...It is not a choice for us, it's an absolute."

Gaylord and Dorothy Donnelley probably created the foundation on their lawyer's advice, as a mechanism to simplify and rationalize some of their family giving. At the inaugural board meeting they were elected, respectively, president and vice president. The third director (elected secretary) was C. Bouton McDougal, head of the company's legal department. A deeply religious and taciturn individual, McDougal served for many years. Like other non-family directors in the early years, he evidently was selected not for any particular foundation expertise but because he was a known and trusted business associate. The final officer (but not a director) was treasurer Adolph Clasen, also an employee of R.R. Donnelley & Sons. Dorothy Perry, Gaylord's secretary, attended meetings to take notes for the cursory minutes.

Incremental growth, slight change

The deliberations of the foundation board were extremely simple and routine during the early years. Its purpose, as defined in the bylaws, read like legal boilerplate: "the promotion of charitable, scientific and educational purposes." Once launched, it settled into a single annual meeting every spring. According to one witness, meetings began with informal banter among the handful of directors, but the formal proceedings were scripted and evidently never consumed more than 30 minutes. Gaylord Donnelley would preside over the officer elections (invariably reelections) and then would report on the year's income and gifts. There is no evidence from the minutes of any substantive discussion or debate, nor was there a formal process for inviting and receiving grant applications. The beneficiaries represented Gaylord's and Dorothy's favorite causes, e.g., Yale University, Ducks Unlimited, North American Wildlife Federation, Rehabilitation Institute at Northwestern University Medical School, Humane Society, Boy's Club, University of Chicago and James Baker Institute at Cornell University.

Gaylord and Dorothy regularly transferred stock (typically Donnelley Company shares), so that the foundation's assets grew steadily, from \$10,100 in 1952 to \$300,000 fifteen years later. Accordingly the list of recipients expanded, as did the average awards. In 1972, for example, 40 beneficiaries received a total of \$90,000. Giving still centered in the Chicago area and clustered

around family interests: education, animal welfare, conservation, religion, social welfare, cultural institutions and outdoor recreation. By the 1970s, the board needed more space for its annual meetings, so it moved from Gaylord's office to the company's architecturally noted Memorial Library on Calumet Avenue.

When Dorothy Perry resigned from the company in 1957, Gaylord asked her backup secretary, Jane Rishel, to attend meetings, handle correspondence and prepare minutes. A graduate in English from the University of Chicago, Jane gladly assumed these duties as a small share of her company secretarial work. Thus began a rich relationship of nearly 40 years with the Donnellys and their philanthropic pursuits. Jane became deeply devoted to the family, a loyalty that was fully reciprocated. Gaylord often joked that the foundation "operated...out of [Jane's] desk drawer," and he was substantially correct. It pleased him that the foundation operated for 30 years without having to pay any administrative or overhead expenses.

As a measure of Jane's growing stature, the board (on Gaylord's initiative) elected her treasurer in 1964, and a fellow director in 1976. By then the board also included Middleton "Mid" Miller, a lawyer with Sidley & Austin who did legal work for the company, and Dr. Lowell Coggeshall, medical dean at the University of Chicago and another personal acquaintance. The latter appointment continued Gaylord's habit of recruiting familiar figures, but is also notable as the first instance of seeking someone with specialized knowledge to inform the board's deliberations. This new approach recurred in 1978, when the board added James Gleason, a Donnelley Company employee who was African-American and familiar with social welfare organizations and leaders in the Chicago area.

The foundation reached its 25th year in 1977, but true to its founder's temperament and style, refrained from announcing or celebrating this milestone. At that time, total giving nationwide by more than 20,000 foundations comprised 10 percent of all private philanthropy, and Americans knew much about their many good deeds and also some bad ones. The latter stemmed from media coverage and Congressional hearings about certain foundations that illegally rewarded family members, pursued political agendas and dodged taxation. The Tax Reform Act of 1969 had attempted, with limited success, to curb such abuses. Some critics argued that institutional perpetuity was the central problem, so they proposed a "sunset" law to terminate foundations no later than 25 years after the principal donor's death. This radical step never passed, but—interestingly—Gaylord Donnelley might not have strongly objected. It was his custom to place a standard memorandum in the foundation files every year, declaring that upon his death the board might well decide to distribute its assets and cease operating. After all, he continued, "there is no reason to continue the foundation just for the sake of having a foundation." Here was further evidence that he cared nothing about accolades or family immortality through his handiwork.

The Rishel years

Retirement issues, estate planning and the foundation's future were on Gaylord

Donnelley's mind in the early 1980s. He had retired from the company in 1975 and left its board in 1983. In that same year he and Dorothy established a charitable trust and funded it with large stockholdings. It was designed to make gifts totaling \$1,250,000 each year for a period of 20 years. Although it was legally separate from the foundation's assets and contributions, the trustees endeavored to coordinate their awards with those of the foundation. Together with the foundation's own growing resources (in 1984 it made over \$1 million in contributions), the combined giving catapulted Donnelley from relative obscurity into the middle tier of philanthropic organizations.

Increased activity meant much more paperwork for Jane Rishel. She was scheduled to retire from the company in 1984, so Gaylord asked her to take the foundation's first salaried position, bearing the title of president (he became chairman of the board). That year's annual meeting signaled several important changes, beginning with the addition of Dorothy to the foundation's name. Jane also presented the foundation's first administrative budget, arranged for more detailed board minutes, won approval to meet semi-annually and codified giving guidelines. Briefly, this last step announced two regional foci: the greater Chicago area and the South Carolina "Lowcountry" surrounding the family's Ashepoo Plantation. Outsiders might rightly regard this bipolar orientation as idiosyncratic, but actually programming for the two disparate regions proved complementary and compatible. The guidelines also specified the subjects that had been traditional foundation interests: education, conservation and others.

In further recognition of the foundation's new autonomy, Jane arranged to lease two rooms in the company's administrative offices. With a small anteroom and her own office, she could comfortably meet with grant applicants and recipients. She also began making site visits and participating in area philanthropic associations like the Donors Forum of Chicago. Through these initiatives plus the major increase in giving, she oversaw the foundation's evolution from a quiet and close family enterprise to some prominence in Chicago-area philanthropy.

One thing did not change, however. Although she held the title of president, Jane never felt comfortable developing her own program ideas or asserting her own agenda. Thirty years of devoted service to Gaylord and Dorothy Donnelley prompted her to always defer to their leadership. She was most comfortable and effective streamlining office operations, maintaining complete files, conducting correspondence and providing all directors with complete and carefully organized information about applicant groups and their performance.

One final organizational step occupied Gaylord and Dorothy's attention during this period of transition, introducing the next family generation to foundation governance. Envisioning a future when the founders would not be present, they first recruited their oldest son, Elliott Ranney Donnelley, to the board in 1986, and then his siblings Strachan and Laura the next year. These appointments expanded the board to 11 members and injected the fresh perspectives of much younger directors who felt free to express their opinions on everything from controversial proposals to apartheid in South Africa. By chance 1988 brought the deaths of two veteran

members, Lowell Coggeshall and James Gleason, so the board's composition changed further with the addition of Dr. Robert Carton (Gaylord's physician) and Robert T. Carter. Carton's keen mind and attention to detail enriched board deliberations, as did Carter's prior philanthropic experience with Inland Steel Company.

With five family members on the foundation board, directors had to exercise even greater care not to make grants that might be or even appear to be self-serving. In lieu of paying stipends, the board approved a policy for "directed" grants by individual directors. Every year each board member could draw upon his or her annual allocation for awards to favorite (but eligible) charities. Through this simple but effective program, the foundation could conduct its affairs with ethical confidence. Over the years the specified giving levels rose moderately and directors appreciated having the discretion to earmark certain gifts.

Changing of the guard

Gaylord Donnelley's health began to decline as he approached 80. Fully free of company responsibilities, he and Dorothy spent more time relaxing at their Libertyville home, "Windblown Hill," and at Ashepoo Plantation. Gaylord's nature hobbies and philanthropic interests, however, did not diminish. One pet project that he underwrote independently of the foundation was restoration of a venerable limestone warehouse along the Illinois & Michigan Canal in Lockport. Work on the Gaylord Building was painstaking and expensive, but today this handsome structure is the focal point of interpretive programs along the popular I & M Canal Corridor and is held under the auspices of The National Trust for Historic Preservation.

Mr. Donnelley died in his sleep at Ashepoo on April 19, 1992, at age 81. His unpretentious manner belied a lifetime of remarkable achievement in business, marriage and family, public service and philanthropy. One simple but revealing measure of his devotion to the foundation is that he did not miss a single board meeting in the nearly 40 years that he served as president, then chairman. His imprint on its conduct, program emphases and style was both enduring and indelible. Thanks to his careful estate and succession planning, the foundation did not miss a beat in his absence, even while board members mourned a great loss. Weeks before dying he had written them about the recipient institutions that continued to earn his favor, and also about his decision to assign his estate proceeds to the foundation. Clearly he had great confidence in its continuing value and he no longer thought of terminating it. By these penultimate gestures, he enhanced its future just as he had nurtured and ensured its first 40 years.

Strachan Donnelley, age 50, was elected chairman of the board at the next foundation meeting. Educated in philosophy, he had taught at several universities before directing a program in "Humans and Nature" at the Hastings Center in New York. Dorothy, Elliott and Laura Donnelley-Morton retained their positions as vice chairs. While he refrained from acting hastily, Strachan sensed a need to revitalize the foundation through a diverse board of family members and area specialists; recruitment of a professional executive director to succeed Jane Rishel when she retired; relocation of foundation offices apart from the company; development of strong

board committees to distribute effort more evenly; a careful rethinking of programming priorities; a more prudent and diversified portfolio of assets; board focus upon broad issues of policy rather than management details; a third board meeting, or retreat, every year for brainstorming; and plans for integrating the next generation of Donnelleys into foundation governance. Transcending these objectives was Strachan's overarching determination "to meld this family foundation into a *very professional* family foundation."

This was an ambitious agenda and it would take the remainder of the 1990s to fully implement it. Laura Donnelley-Morton was Strachan's able ally in pursuing these goals. They naturally disagreed on many small issues, but were as one on the large ones. While Laura had special interests in the arts, they shared deep concerns for the environment, education and community welfare. Their board colleagues echoed these interests and provided experience in all areas, including community and social welfare matters.

Board makeup changed dramatically over the next few years, introducing new personalities, specialties and group dynamics. In 1992 Joel Fleishman and Dr. James Edwards joined the group. Both were family acquaintances, but they brought valuable skills and perspectives. Fleishman, an easterner, was prominent and highly experienced in philanthropic work, and Edwards (former Governor of South Carolina and president of the state's medical center) had invaluable contacts for Lowcountry programming. To encourage veteran directors to step aside, the board created the honorary position of life director. This created room for Gerry Adelman, executive director of the Chicago area's Openlands Project, who quickly began to exercise a pivotal role in group discussions, planning and environmental issues. In 1997 Donnelley family lawyer Larry Berning resigned and Jane Rishel accepted appointment as a life director. Joining the board at that time were two key recruits: financial specialist Challis Lowe and South Carolina conservationist Coy Johnston. Dr. Robert Carton resigned in 1998 and the next year Chicagoan Ronne Hartfield added her expertise in the arts to the board's bouillabaisse of interests. Poor health compelled Dorothy Donnelley to resign and the board recognized her extraordinary service by naming her Chair Emeritus. This gracious woman's departure severed the last remaining tie to the foundation's establishment 47 years earlier. In 2000 Elliott Donnelley resigned to join the non-voting life directors, and Nancy (Schulte) Talbot arrived to lend her expertise in community work and adolescence.

There was much more to these changes than new faces. Seven of the 11 voting directors were family "outsiders," but Donnelleys constituted the core leadership, giving the board a healthy equilibrium much favored among progressive foundations. Equally important, most of the new outsiders had not been family acquaintances when elected, a sharp departure from early practice. Their qualifications, instead, consisted of valuable experience and contacts in various foundation areas. Demographically, the new board was much better balanced along geographic, social, gender and racial lines, thus ensuring a variety of outlooks. The challenge for all was to build a cohesive body out of its diverse elements.

Progressive, proactive and professional

An important three-day meeting at Ashepoo in September of 1993 gave Strachan and his colleagues the opportunity to weigh and decide many issues on his agenda. After much discussion it was agreed to limit giving to four fields: conservation/ecology, education, arts (cultural) organizations and social welfare. Both Laura and Strachan called for more risk-taking with innovative projects. In a break with past practice, directors agreed that the foundation needed to exercise rigorous review of all applications and also of the performance by recipients. To facilitate this, they created four program committees, one for each field, and assigned them the task of assessing applications and recommending action by the full board. Thus was set a precedent for engaging the board in directly reviewing proposals. This noble idea proved unduly burdensome on directors, however, and was abandoned several years later.

The increasing challenges on the board time and energy led to the decision to recruit a professional executive director in 1994, to find new quarters for an expanding office, to continue the practice of directed giving by board members, to hold a third meeting each year and to compile more detailed board minutes that summarized the discussion as well as the actions taken.

Central to the implementation of nearly all of these objectives was hiring an executive director. At the Ashepoo meeting directors agreed to seek a mid-career professional manager of not-for-profit organizations, who combined outreach and grantmaking skills with a proactive leadership style. Given the foundation's disparate giving areas, they preferred a generalist over a subject specialist. Jane Rishel managed the six-month search process, with help from a recruiting firm and guidance from the board's search committee, consisting principally of family directors.

At its June, 1994, meeting the board approved hiring Judith Stockdale, who offered excellent credentials for the job. Well-known and respected in Chicago philanthropic circles, she had prior experience with Openlands Project, the Chicago Community Trust and The Great Lakes Protection Fund. An added asset was her acquaintance with several board members, including Dorothy and Gaylord Donnelley. Judith began work early in the fall and staged her first board meeting two months later. Within a few years she assembled a small staff of talented and versatile associates, including an administrative assistant, financial director and grants manager.

New office space was another urgent priority. To accommodate a growing staff, Judith accelerated the search for a convenient downtown site. Within six months the board approved leasing the 26th floor at 35 E. Wacker Drive. With four offices, a modest conference room and an attractive "greenhouse" reception area, the new quarters were comfortable but far from extravagant.

Disbanding the four program committees in 1995 led to the development of a functionally organized committee structure. New to the foundation's governance were the Audit, Investment, Nominating and Long-Range Policy and Practices committees. While each committee had important tasks, two became pivotal in charting the future: Nominating and Long-Range Policy.

As board chair and “sort of rotating gluttons,” Strachan and Laura felt responsible for attending all committee meetings.

Asset management and diversification were unfamiliar but vital board responsibilities. Through the Investment Committee’s effort, Judith’s leadership and help from financial consultants, the foundation gradually achieved a sound portfolio mix, with Donnelley stock representing less than 10 percent of the total. In 2001, a recession year, its assets still slightly exceeded \$85 million. Like many not-for-profit bodies, both the committee and the full board wrestled periodically with the question of socially responsible investing. Another challenge was the gradual integration of foundation transactions with those of the charitable trust that had been set up in 1983. As the latter neared the end of its 20-year term, the foundation was able to add each year’s lump sum distribution to its own pool of funds available for giving. This financial transition was complex and took several years, but the end result was simpler record keeping and grantmaking.

The annual spring retreat at Ashepo evolved into a vital planning event. With no grant proposals to consider, directors could devote their collective attention to current developments and trends in the various funding areas. In 1996, for example, the topic was education, and Judith arranged to have several experts speak and then interact on the leading issues, fads and failures. Through various deliberative formats—workshop, roundtable small group discussion—the board could educate itself and adjust its program emphases.

The two most problematic areas of support proved to be education and community welfare. How could the foundation exercise a tangible and constructive influence on these massive societal concerns in the new millennium? Directors agreed to concentrate their education funding on a much-slighted segment, adolescents, but even this narrower focus seemed problematic. Another idea was to limit support to education proposals that linked with other foundation interests, e.g., environment or the arts. The best approach to education support continued to be a difficult puzzle for directors. The same was true with community welfare, which often appeared to be an intractable dilemma in contemporary America. Emergency assistance at homeless shelters could be ineffective from any long-term perspective, but at least it honored a family tradition of helping those in the greatest need.

Environmental philanthropy proved to be less difficult. In fact, both the absolute and relative levels of foundation giving in this area sharply increased during the later years. Through the 1970s conservation and wildlife support never comprised more than six percent of the foundation’s total awards, but it jumped to 15 percent in 1984. By 1992, the board approved nearly \$200,000 in grants to 24 environmental organizations, representing nearly a quarter of the total. In 2000 the share reached 35 percent, establishing environmental support as a leading interest of the foundation. Symbolic of this development was a foundation logo that portrayed Waldon Pond, a pristine natural setting of sunlight, clear air, water and vegetation.

Just as their parents had taken steps to ensure the foundation's future in the 1980s, so did Elliott, Strachan and Laura instigate family discussion 10 years later about introducing the third generation to board governance. Laura and Strachan consulted the directors of other established family foundations for advice and models for succession, learning that each case is unique. Their decision, ratified by the full board, was to create two new family seats on the board and to invite the "Generation Next" adults to observe the June 1999 board meeting. Further, they left it to these individuals to elect two from their group to serve two years, followed by new elections. Shawn and Naomi Donnelley (daughters, respectively, of Elliott and Strachan) were the initial choices. Their commitment and service have validated this approach, so the June gathering has become an annual orientation opportunity for younger family members. Term limits also seemed appropriate for non-family directors, who now serve for three years, subject to reelection as many as three times.

As the Gaylord and Dorothy Donnelley Foundation approached its 50th year, directors decided that looking backward made sense even as they gazed forward. Accordingly, they approved taking steps to capture and preserve foundation recollections by certain key figures in its development. While a formal organizational history is premature, producing oral testimony to enrich foundation records is a timely step.

In 2001 the Gaylord and Dorothy Donnelley Foundation awarded grants to more than 200 recipient organizations, representing a total allocation of \$3,614,000. These are numbers that the founding father and mother could not have imagined in 1952, but their inspired work and generosity led naturally to such results. The foundation that bears their name honors that legacy in its good works, its steadfast family commitment and its enlightened philanthropy.