

# Honoring the Past, Embracing the Future

*By William S. White, President, Charles Stewart Mott Foundation*

This year the Mott Foundation is celebrating its 75<sup>th</sup> Anniversary. As a part of that celebration I have given a bit of thought to the history of the Foundation and in particular to the topic of “Embracing change while remaining true to core values.”

This summer when Rob Collier [Council of Michigan Foundations president] asked me to speak about “embracing change while remaining true to core values,” neither of us could have imagined how much the contours of all our lives would change in a few short hours on a sunny Tuesday morning in September. We could not have envisioned the degree to which our core values, our faith and our tenacity as individuals and as a nation would be tested. Our thoughts and prayers go out to those directly affected by these events – the thousands of people who lost friends and loved ones not only from the United States but also from dozens of different countries. Since then, we have been reexamining America’s place in the world and we are learning to cope with an accelerating rate of change and a bewildering sense of uncertainty.

But, in the midst of it all there have been many proud moments. The outpouring of solidarity and generosity, and the examples

of leadership and heroism have been truly remarkable – but as we reflect on them – to be expected. Our renewed sense of patriotism, our deepened understanding of who we are as Americans and our heightened appreciation of our neighbors, of our communities, and of our values, has provided comfort and inspiration. Truly, in the past few weeks we have seen the best of our country’s voluntary spirit. And yes, under the President’s [George W. Bush] leadership, we have drawn together as a nation.

Also, during these past seven weeks, all of us have become news junkies. And, while I am on the media, let me praise the Advertising Council for its public service ad “I am an American.” Those four words, “I am an American” and the many people in the ad who utter them, say more about America’s diversity, spirit, unity and freedom than volumes of learned essays.

Indeed, the media has done an excellent job in educating us about the geography, the cultures, the history, the peoples, the religions, the past mistakes of the west, and the issues of the Middle East and Central Asia. But while we’ve expanded our knowledge base about a region half-way around the world, we haven’t forgotten Michigan.

In Flint, as part of the Foundation’s

ongoing race relations program, we helped to fund a recent dialogue between a Christian clergyman, a Jewish rabbi and a Muslim leader. The discussion, the first of many, attended by some 200 people, didn't have the polish of primetime television — but it was genuine. At Mott our immediate response to the terrorist attacks was to send relief funds. We then followed up with grants to various Flint-based organizations which might have been affected by September 11. For several years our staff based in the Czech Republic has funded organizations that provide disaster relief in Chechnya and the former Yugoslavia. We recently helped several of these organizations and others to mount relief efforts in Afghanistan and its neighboring countries.

Each of our staff, whether the focus is local, national or international, is being challenged to respond, as appropriate, to September 11. But now comes the challenging question: How do we provide a long-term response to the events of September 11, and yet remain true to our core values or principles?

Since I don't have the answer to that question, let me give you another glimpse into the workings of the Mott Foundation.

On September 12 we proceeded to hold a regularly scheduled two-day Board meeting. Other than being “regularly scheduled” there was nothing regular about

it. It ended up lasting a day and the speakers originally scheduled to talk on Russia, South Africa and Justice in Times of Transition couldn't complete their journeys to Flint. The meeting began with our staff joining the Trustees in prayers and reflections. It was a time to come together, a time for comfort and a time for sharing. I believe the meeting will be the first of many “reflective meetings” that the Trustees hold.

During the meeting, an interesting discussion took place. We had scheduled a speaker to provide the Trustees with some background data on Flint. In making the transition from September 11 to Flint, the speaker said, “You have spent the last 2 ½ hours reflecting on the external threats to America, now let's talk about the internal threats.” And, no, he wasn't talking about anthrax — instead he was referring to Flint's high rates of teenage pregnancy, poverty, unemployment and crime; he was talking about the high dropout rates and low literacy rates of Flint students; and he was citing Flint's racial divide. I should mention, the presentation wasn't entirely bleak. He had some good things to say about Flint and saw some bright opportunities.

As we in the philanthropic business reflect on appropriate long-term responses and funding to address the terrorist attacks, let us also remember that poverty,

illiteracy, despair and racism, and the resulting frustration, anger and hatred know no boundaries. There aren't any quick fixes to these problems, but each one of you and each one of the foundations represented here can offer marvelous testimony and examples of success stories, of programs that are proven and work. In these times of uncertainty we need to hear these stories of success – after all, they provide comfort, hope and yes, guidance.

I have been involved in foundation work for over 30 years, and during those times experienced some rough periods, some discouraging times. But, do you know what picks me up just when I am most discouraged? It's people. I will often run across someone whose life has been made a little better because of a Mott Foundation grant. Great stories about people and organizations are a wonderful antidote for bad news and at the core people and the institutions that serve them are what philanthropy is all about. That is why community-based, people-based, philanthropy lifts me up and gets the juices flowing again. When putting the role of money in its proper perspective, my father-in-law, Harding Mott used to quote Ogden Nash by saying: "Among the things that count a lot, money's not. But if anything will help a little, it'll."

By introducing Harding Mott, our second president, into the speech I believe I can

make a graceful transition from the events of September 11 to the story that Rob wanted me to tell, namely how over a period of 75 years the Foundation has changed, but remained true to core values.

First a word about Harding. He put a lot of trust in a "young kid" who was "wet behind the ears" – that was me when I joined the foundation 33 years ago. He always let others take the credit. I owe a great debt of gratitude to him. Harding's father, C. S. Mott, established the Foundation in 1926 and served as a Trustee until his death in 1973. Harding joined the Board on his 21<sup>st</sup> birthday, also in 1926, and served until his death in 1989.

Interestingly, during its 75-year history, the Foundation has only had three presidents, and for a brief period of time, we all worked together.

Let me briefly introduce you to C. S. Mott, who by the way, also placed a big bet on me.

Mr. Mott was born in 1875 and died in 1973. Since his life coincided with the second century of the United States, one historian called him the second century man.

He started off in the family apple cider business but quickly found mechanics more to his liking. As a result, he ended up making automobile axles. In 1906, at the invitation of Billy Durant, the founder of General Motors, Mr. Mott moved his

business to Flint, Michigan. Then in two transactions in 1908 and 1913 he merged his company into GM for stock, went on its board of directors, and became a key officer of the corporation. Incidentally, he served on the GM board until his death in 1973. In 1912-13 and 1918, he was mayor of Flint and throughout his life he was an active participant in and developer of what today we would call Flint's NGO sector. So he was actively engaged in all three sectors, and he understood how they interact.

I'd like to read from a book about Charles Stewart Mott titled, *Foundation for Living*. In the preface, Mr. Mott writes, "When a man believes that nothing else is important, really, except people, how can he implement his belief effectively? That is the question which has challenged me, and to which I have found, here in my own community, an answer that is deeply satisfying. It seems to me that every person, always, is in a kind of informal partnership with his community. His own success is dependent to a large degree on that community, and the community, after all, is the sum total of the individuals who make it up. The institutions of a community, in turn, are the means by which those individuals express their faith, their ideals, and their concern for fellow men. The partnership between a man and his community is often an unconscious

relationship, but this fact does not make it any the less real."

Later Mr. Mott writes, "And since every man needs to devote as much imagination, skill, and conscience to the wise and useful spending of money as he exercised to accumulate that money, the Foundation answers this need for me also. The Foundation serves as the most effective expression of the faith, ideals, and concern for fellow men which I have acquired in my lifetime." He also writes, "We recognize that our obligation to fellow men does not stop at the boundaries of the community. In an even larger sense, every man is in partnership with the rest of the human race in the eternal conquest which we call civilization." How appropriate those words are in the wake of September 11<sup>th</sup>.

According to my version of history, the Foundation has experienced five stages of growth. Let me read what we said about the five stages in the 2000 Annual Report.

"Starting as a small, family-oriented, general-purpose foundation, we quickly moved into collaboration with the Flint Board of Education to develop the community school model that eventually was shared with an eager nation. We then entered a period of transition caused by increased assets and changes in leadership, procedures, organization, programs and tax law. That transition positioned us to

develop national programs based on lessons learned in Flint, which, in turn, led us to expand our funding into Central/Eastern Europe, Russia and South Africa. That's a lot of history, or as C. S. Mott would say, 'sweating blood', in one paragraph."

What we have found through the five phases of change is that the Foundation's underlying, compelling values remain the same – partnership with the community, belief in the potential of the individual, and people reaching out to help others.

Certainly, Mr. Mott may never have envisioned that we would be operating in Central/Eastern Europe, Russia and South Africa, but if he went there, he would notice that some of the programs are very similar to those he funded back in Flint.

So, what else have we learned in those 75 years?

*One.* An organization must stay fresh and constantly look for ways to renew itself. The importance of listening, examining and learning cannot be overemphasized. September 11 is once again forcing us to reflect and to examine our priorities.

*Two.* Our experience confirms that people – our Trustees, our staff and our grantees – are the Foundation's most important resource.

*Three.* I would like to put in a plug for general purposes support. Particularly in

times of scarcity, it gives grantees more flexibility.

*Four.* We believe in community-based philanthropy. One's charitable impulse has to hit the pavement on Main Street, because that is where people's lives are played out, that is where problems occur, and that is where neighbors have to help neighbors.

*Five.* Pay attention to and as necessary, update your foundation's infrastructure, administrative procedures and policies, and governing documents. Whenever we've failed to do this, we've run into problems.

*Six.* Let me say a few words about the economy. Many foundations and non-profit organizations have experienced serious reductions in their revenues and assets. At the same time this is a very wealthy country, both in terms of the voluntary spirit as well as money. While we are in an economic recession, there should never be a recession of the human spirit. For those of us in the foundation world, we need to honor our commitments, we need to tighten our belts, we need to be more targeted on the critical issues of the day, and we need to take a long-term approach to our spending and investment policies.

In the few moments I have left I would like to talk about the board, donor intent, and the craft of grantmaking since these subjects are absolutely critical to good

governance.

One of the things that occupies my time today is trying to envision what the Foundation might look like 30 years from now. What I do know is that neither I nor most of the current Board will be there to direct or guide our activities. But I do feel it is incumbent for the current Trustees of the Foundation to figure out how to pass on to future Trustees the passion for grantmaking, and the understanding of why we have done what we have done over the years. Equally important, we must preserve and grow the assets so that future generations will have the ability to exercise their charitable impulse, and to, in the final analysis, exercise their passion for the issues of the day. Currently, our Board consists of 12 persons, five of whom are family members, including two younger family members who joined the Board last year. Like C. S. and Harding, the Board is placing big bets on these young family members to remember the past but embrace the future. As all of you know, a well-informed Board is central to effective grantmaking.

I do believe continuity has value and, to a degree, this is a way of respecting the donor's wishes. Interestingly enough, when the trust instrument was revised by Mr. Mott in 1971, he knew change was going to occur and he had the ability to limit it. But he chose not to exercise that

right. Instead he wanted his Trustees to have the flexibility to adapt to the new world, while at the same time being mindful of those things he was interested in.

Frankly, donor intent is a big challenge. As I have thought about donor intent, I also contemplate which Mr. Mott should I be relating to? Am I talking to the Mr. Mott who was born in 1875? Am I talking to the Mr. Mott who located an axle business in a little town called Flint, Michigan, in 1906? Am I talking to the Mr. Mott who founded the Foundation in 1926? Am I talking to the Mr. Mott who died in 1973 at the age of 97? Am I talking to the Mr. Mott who was very conservative in his economics and politics but who was deemed extremely progressive as a mayor? Which Mr. Mott am I talking to? If you analyze his record, Mr. Mott was an informed risk taker. The automobile business at the turn of the century was like the Internet of the 1990's and he was one of the key players in it. He took calculated risks and achieved great returns. This is what we try to do today. Along the way we have made some mistakes, but hopefully we have learned from them.

Of course, one of the critical challenges for a donor is, do you want your foundation to be family dominated or do you wish to open it up to others? That's a


tough decision. Let's be frank, quarrels over money can split a family or a board apart faster than anything. Quarrels can be destructive, so my advice is try to anticipate points of friction and through dialog, policies and procedures, and legal documents, try to address them up front. The key to me is harmony in the boardroom, which basically comes from respect, from listening to your fellow trustees, hearing what they have to say and, if you disagree with them, disagreeing with the concept or the policy, not the individual. It seems to me if you can leave ego at the door, then you can begin to create an effective organization. Now clearly in a large organization such as ours -- with over 100 staff in five different locations -- policy needs to be made by the Board and implemented by staff. And indeed our Trustees review very few grants. But in a small organization, the board may implement policy. They may have no staff. Regardless, of whether one represents a large or small foundation, it is absolutely essential to get the key components right: i.e., fundamental vision; proper policies, procedures, and legal documents; understanding of time horizons; learning and listening; finances and resources; and accountability and transparency.

One final note. The world of philanthropy has changed dramatically

over the past 30 years let alone over the past 75. For instance, we hear and read a great deal about the new generation of donors and the concept of venture philanthropy. But these new donors, and their distinctive approach to grantmaking, are still a part of the larger philanthropic community, and are linked by what I believe is the most critical tie that binds all forms of organized philanthropy, namely, the craft of grantmaking.

Many of you know Jim Joseph, a former president of the Council on Foundations. He used to talk about -- in fact he was passionate about -- an idea he called "the craft of grantmaking." In my opinion, embodied in the craft are the principles of vision, of passion, of decency, of respect, of fairness, of good manners, of trying to establish a partnership with grantees.

Effectiveness follows. The craft of grantmaking is not only a skill, but also, more importantly, it is an attitude. It requires humility, it requires creativity, it requires informed risk taking, it requires common sense, it requires "sweating blood," and it requires a deep-seated sense of accountability to grantees and the public generally. I believe the fundamental challenge going forward is trying to make the relationship between the Foundation and its grantees as equitable as possible and as open, transparent and responsive as it can be.



At the core of the craft of grantmaking is the charitable impulse, which Mr. Mott once called “citizen responsibility.” If one acts from a disciplined and strategic approach to a well-thought-out charitable impulse, good results should be achieved in the long run. The results may not always come in the desired or expected form, or time frame. There may occasionally be failures or mistakes, but that’s perfectly acceptable. We can learn from all of them.

I believe one of the reasons Mr. Mott lived to be almost 100 was that he received immense and fulfilling satisfaction and self-respect from his philanthropy. Let me close with another quote from him. “...The Mott Foundation may, in a large sense, be considered a Foundation for Living; for me, in another sense, it is a foundation for living – the realization of the purpose of my life.”

Thank you.