

Flint's Corner Drugstore

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

Wally Nielsen has written about philanthropy's inability to make its work more relevant to people's lives. He told Mark Dowie, the author of *American Foundations: An Investigative History*, "In shaping the great changes that have taken place in my lifetime, foundations have been about as consequential as drugstores!" We asked Dowie about the drugstore analogy and he said, his interpretation was that Nielsen was saying that in terms of changing the world for the better, foundations were about as consequential as drugstores — that is, not destructive like liquor stores, crooked like used car lots, foolish like Sharper Image — a service. But they are nowhere near as valuable as their self-generated mythology would suggest.

Wally cares deeply about foundations and knows their potential. He also understands the need to study individual organizations — not just the overall field — in order to grasp the whole. I agree. Over the last seven months, you've discovered foundations are not static. They are not — nor should they be — stuck in concrete for eternity.

Foundations, like people, experience distinct life cycles. As this happens, different governance structures and management styles may be necessary. Of course, determining *when* it is time to

change — and learning *how* to embrace change while maintaining continuity — is not that easy.

With that in mind, I'll talk about one foundation — the Mott Foundation — and its 75-year evolution. Accordingly, I have titled my remarks "The Charles Stewart Mott Foundation: Flint's Corner Drugstore."

Our founder was born in 1875 and died in 1973. He started off in the family apple 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. Within seven years, he had merged his company into GM for stock, joined GM's board of directors, and become a key corporate officer.

Mr. Mott served three terms as mayor of Flint, and throughout his life was a developer of, and participant in, what today we would call Flint's NGO sector. In 1926, Mr. Mott launched his Foundation. According to my version of history, the Mott Foundation has had five phases of growth. Let me briefly describe them, and pull out some lessons we've learned from each era.

First Phase – 1926-1934. The Mott Foundation was a family-oriented, general-

purpose foundation which gave to various interests of the Mott family. It was much like the corner drugstore, dispensing prescriptions to neighbors in need

What motivated Mr. Mott to found it? Tax law? Perhaps. But it was far more than that. I think a clue to his motivation lies in something he wrote in 1963. "...I 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."

So we can see Mr. Mott's core values, or principles, emerging: the importance of people, partnership with others, and the role organizations play in helping people express concern for their neighbors.

Mr. Mott was a practical engineer. He was interested in finding ways to help people at the grassroots level. He used to say, "My name is Simpson, not Samson." He believed in keeping things simple and working with people. He knew that by himself he couldn't accomplish much. But working with people — perhaps I should say working with and listening to grantees — he could help to improve others' quality of life. Mr. Mott's son, Harding, used to say, "Our job is to grease the wheel, not

reinvent it." Think about the two phrases "my name is Simpson" and "our job is to grease the wheel." The Motts were practical and humble about what they could and couldn't do. They knew their limitations.

Second Phase – 1935-1963. The development of the community school model in Flint.

In 1935, Mr. Mott met Frank Manley, a Flint educator, and the two formed a lifelong partnership to create the Flint version of what today might be called community schools. There were tremendous educational needs in the community but the school buildings were standing empty after the last school bell rang. Mr. Mott, being the practical businessman he was, saw these buildings, which were often the finest in the community, as an underused resource. He provided funding to develop recreational and educational programs for kids and adults alike in those empty buildings during those empty hours. During this period, the tradition of working locally and at the grassroots level and the importance of talking to, and visiting with, grantees was born. It's a rich story, but I must jump forward to the next phase. You should know that in 2002 the U.S. Department of Education is granting over \$1 billion to

local school districts and community-based organizations for afterschool programs and the Mott Foundation is a formal partner with the U.S. Department of Education in these efforts. This year the federal program will touch the lives of over 1.2 million kids, over 400,000 adults, and 1,600 communities (or 6,800 schools). Preliminary results indicate a positive increase in math and reading scores, school attendance, and reductions in juvenile crime and teenage pregnancy. Also, several states are funding afterschool initiatives.

Third Phase – 1963-1977. These dozen or so years were a time of transition.

In 1963, Mr. Mott gave the bulk of his assets to the Foundation. This enabled us to expand our programming to the national level.

With my arrival on the scene in late 1968 and the death of Roy Brownell (the Foundation's lawyer) in '71, Frank Manley in '72, and C.S. Mott in '73, we had a major change in leadership. During this period, we redesigned the organization and made major changes in the way we did business.

Partially as a result of the 1969 Tax Reform Act, Mr. Mott amended the Articles of Incorporation. Interestingly, he knew change was coming, but he chose not to place restrictions on future Trustees. Instead, he trusted them to fund the right

things. During this time period we worked on what I call infrastructure. We literally reinvented the operating policies and procedures of the Foundation.

To me the word infrastructure includes such topics as: allocation of resources, grant processing, governance and board structure, technology, portfolio management, legal issues, recruiting smart people, and delegation. Attention to these infrastructure issues at the Mott Foundation is ongoing and our understanding of them is constantly evolving. Whenever we have neglected these issues or failed to freshen our programs, policies, and procedures, our effectiveness has suffered.

Clearly the theme that dominated this third growth stage was change: change in leadership — both at the staff and board levels; change in programs; change in management structures and procedures; and planning for change in the future.

Addressing and anticipating change has indeed become a continuing story at the Foundation.

In his book *The Big Foundations*, Mr. Nielsen termed the Mott Foundation of the late 1960s “a snarl of paradoxes,” partly referring to the Foundation's stated goal to “help people help themselves.” He cited critics who said the Foundation played an almost paternalistic role in Flint, and did

not build “self help” into our programs.

So, in keeping with my corner drugstore analogy, Wally apparently saw Mott as more interested in dispensing prescriptions — treating the symptoms of social ills — than uncovering the causes.

Fourth Phase – 1977-1988. Our agenda went national.

During this period, the Foundation took many of the lessons learned in Flint and developed programs on a national basis.

What lies behind the simple phrase “our agenda went national?” The story begins in the previous stage when several people, myself included, holed up in a room for about three months to try to discover what made us tick; what we were good at and, yes, not so good at; what programs could be expanded; what programs were tired; and what principles undergirded our work.

It was hard, intense, but fun work. The key lesson is that all organizations must take the time to reflect, to examine themselves, and to learn. Today, I like to think that as an organization we value learning. The first edition of his book, *The Golden Donors*, Mr. Nielsen called some of our grants “of exceptional quality and impact.” In the second edition, he was displeased with some Flint economic development programs because they failed to attack the underlying economic problems of the region. He was right; the

movie “Roger and Me” highlighted some of the failures.

But we had to take risks. When we stop taking risks, we stagnate and fall short of what we can be. So, we still take risks. Sometimes we get burned, but hopefully, we learn from those scorchings.

Fifth and Present Phase – 1988-Present. Agenda for the 21st Century.

Before I discuss this phase of our grantmaking you might be interested to know that it was with Wally’s urging and encouragement that I developed the four, and now five, phases as a way of examining the foundation’s history and experience. My regret is that I am not able to talk to him about our current programs and grants. I know he’d say we are spread too thin, but hopefully he might endorse some of our programs.

The fifth or current phase of our history is covered in our 2000 annual report, other publications, and on our Web page — so I won’t go into detail about it, except to say that in 1988 our Board of Trustees engaged a consultant to help the Foundation identify the big issues for the 21st Century. After investing a significant amount of individual and group time, we identified the basic themes that drive our current four programs.

So what have we learned through our 75 years of grantmaking?

One. An organization must constantly look for ways to renew itself. The importance of listening, examining or evaluating, and learning – sometimes it’s called planning -- can’t be overemphasized.

Two. Our experience confirms that old saying that “people are our most important resource.” We could not have made the leap from being a local, to a national, and then an international funder, without some key board members and staff who had grown up with the organization and were open to change. Their experience and skills helped us make the leap to the next level without losing our core values and identity. Also, we could not have made the leap from local to global without the help, guidance and encouragement of our grantees.

Three. We’ve talked about the need to stay with a field of work for the long term. A program officer once said to me, “Bill, never forget that it takes a minimum of five years of general purposes support to launch and stabilize a neighborhood group.” As you know that applies to all organizations. Indeed, it may take longer than five years. Let’s face it, we are dealing with tough problems. Society is constantly changing. As a result, yesterday’s response may not be suitable for tomorrow’s challenge. Foundations sometimes hop from the newest idea or the quick fix to the latest “innovative approach” with mixed results. This practice can impede the

building of real partnerships, based on trust, between funders and grantees.

Frankly, to use a medical analogy, yesterday’s vaccine may not work tomorrow because the virus has developed a resistance to it and so a new antidote is needed. The same when you are dealing with poverty or education or neighborhoods. The challenge, the imperative, is to not only stick with issues for the long haul, but to maintain your optimism in the process.

Four. Never underestimate the role of the board. The changes or transformations I talked about began with the Mott Board. The Mott Board spends time listening to experts, hearing great stories of the heart from people on Main Street, and visiting grantees and then it sets policy. On more than one occasion I’ve seen board members in tears while listening to peoples’ stories. Let me list some of the challenges facing the field:

One I believe there is a craft to grantmaking. The question is how can we in the foundation world truly become skilled craftsmen? How do we fight bureaucracy and arrogance?

Two. How can we respond to and enable grantees to do a better job? Are general purposes grants the answer? Are candid conversations?

Three. How do you know when to phase out and/or enter a field of work? How opportunistic should we be?

Four. How do you know if you are working on important issues? Or let's say the issue is important, how do you know if you have really made a difference or if you have just bragged about making a difference?

Five. How do we ensure more transparency and accountability? Not just for foundations but the entire NGO field?

Six. How can we get more money into communities so that local residents have resources to address issues?

Seven. How do we attract and retain good staff? Also, how do we blend the enthusiasm and freshness of youth with the experience of seniors? How does the sector develop good managers and leaders? Is there – or can we create – a career ladder?

Eight. How should we partner with government, business, neighborhoods and the nonprofit sector? How can we leverage and maximize resources?

Nine. How do we balance today's needs with tomorrow's needs? How do we balance global and local issues?

Ten. How can we build sustainability into programs? I know sustainability is an overused word, but it is critical. Far too many times I've seen great programs disappear because of poor leadership, a change in governance or policy, a lack of resources, etc.

Eleven. There are a lot of programs that work. How do we fully implement and where appropriate, replicate them? And further, how do we tell others about them?

Twelve. As Mott's CEO, one of the things that occupies my time these days is trying to envision what the Foundation might look like 30 years from now. I know that in three decades, neither I, nor the current Board of Trustees, will be here to guide our activities. But I do feel it is incumbent on our current Trustees to figure out how to pass on to future Trustees a genuine passion for grantmaking and insight into why we've done what we've done through the years.

Finally, I haven't said much about passion, but it's important. Mr. Mott had a passion for his foundation's work.

I believe one of the reasons Mr. Mott lived to be almost 100 was that he received immense fulfillment, 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."

May each of you find your passion and purpose in life...and pursue it with all you've got.