

Looking Back at Five Eras:

The Mott Foundation's First 75 Years

Remarks by William S. White, President



CHARLES STEWART

MOTT FOUNDATION

This speech by Williams S. White, president, CEO and chairman of the Charles Stewart Mott Foundation, was delivered to the Trustees and staff of the Foundation on March 8, 2000, at the campus of Baker College in Flint. This booklet was printed in April 2002.

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Looking Back at Five Eras: The Mott Foundation's First 75 Years

This is an unusual Board meeting, so let me say a few words about it. First, it's only the second time in my experience that three new Trustees have joined the Board at one time. So, in alphabetical order I would like to welcome them: Tiffany Lovett, John Morning, Marise Stewart. Please stand. Welcome.

Let's introduce the other Trustees: Kay Fanning, Rush Kidder, Webb Martin, Maryanne Mott, Douglas Patiño, Bill Piper, John Porter and Claire White. Lon Crim isn't able to be here today. However, I saw him last week, and he appreciates your prayers and support.

The staff totals about 111. Many of you are new in the last several years. So, let's play a little game. If you knew C.S. Mott, please stand. If you knew Harding Mott, please stand. How many of you were hired in 1990-1995? Finally, how many of you were hired after 1995?

I think that little exercise illustrates that the Mott Foundation is a large, and yes, professionally staffed foundation. Indeed, as a foundation, we are unique. Think about it. Based on assets, we are among the 15 largest foundations in the country. For us, this translates into several things: first, a large, but in my opinion, appropriately sized, staff; second, broad but linked — and I believe focused — program interests; third, an appreciation of diversity both as to the person as well as opinion; fourth, operations in multiple locations and countries; and fifth, professionalism.

As a group it's our objective to be as good as we can be in all aspects of our

operations. We must strive for excellence because only then can we truly be responsive to our grantees. If we do a lousy job with our investments, it's our grantees who suffer. If we do a lousy job administratively, again it's our grantees who have to live with the consequences. And if we treat our grantees unfairly, shame on us. Even though we are not selling a product, we must be customer-driven. We must set high standards and expect to be held accountable to them by the rest of the philanthropic and nonprofit community and, yes, society at large.

At times I have likened the Mott Foundation to the Metropolitan Opera, which is a great opera company. Recently, I received a Met recording of a 1951 performance of Richard Strauss's "Der Rosenkavalier." As I listened to it, all I heard was the orchestra and the singers. But as I thought about it, that recording from 1951 represents legacy, tradition and professionals working together. Today, the home of the Met is Lincoln Center, which wasn't built in 1951. The point is, behind those few singers who appear on the stage is a great company of people.

And so it is with the Mott Foundation — behind the visible program staff is a great

Behind the visible program staff is a great company and tradition ... each person in the organization, whether Trustee or staff, is important to our success.

company and tradition. This meeting today is one way of acknowledging, celebrating and reinforcing the fact that each person in the organization, whether Trustee or staff, is important to our success.

So much for an introduction. So let's get to the lecture. First let me offer an editor's note: I'm telling this story through my eyes and ears.

Charles Stewart Mott

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 wheels and axles. One of his first axle orders came from Ransom Olds.

He told me, "I sold Ransom Olds an order for 500 axles. I'd never made an automobile axle, so I went home and 'sweated blood,' but I built an unbreakable axle." Later I figured out that this period of "sweating blood" probably extended over several years. Incidentally, if you read the book *Foundation for Living* you'll discover it was an order for 500 wheels, so for the historians among us, getting the facts right is not always easy.

In 1907, at the invitation of Billy Durant, the founder of General Motors, Mr. Mott moved his axle business to Flint,

Michigan. Then 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.

During the GM financial crisis of 1920, when Pierre DuPont was president and Alfred Sloan was the only automobile manufacturing person in New York, Mott, as chief of the advisory staff, was running things in Detroit. In a 1952 Christmas letter to Mr. Mott, Pierre DuPont wrote: "The recount of historical events in General Motors brought you frequently to mind — my mind. You were a tower of strength during the Durant debacle. Without you, Sloan and Bassett, the company could not have pulled through. Your energy and sincere belief in the company did much to win over the bankers who held the reins but were glad to give way to those worthy of handling them." As a side note, Bassett was president of Buick, and in the early days without Buick and the profits from it, there would be no General Motors today. Incidentally, Mr. Mott served on the GM board until his death in 1973.

In 1912-13 and 18, Mr. Mott was mayor of Flint. In addition, he was an active participant in and developer of what today we would call Flint's social service sector.

Let me return to Mr. Mott's phrase "sweating blood." It's vivid and descriptive. In a way, "sweating blood" was C.S. Mott's shorthand for creativity, hard work, attention to detail, persistence, customer orientation, meeting a market demand — in short, the entrepreneurial spirit.

He brought that same spirit to his philanthropy through the Mott Foundation, which was founded in 1926. According to my version of history, the Foundation has had five stages of growth. Let me briefly describe them and, in doing so, see if we can pull some lessons out of the experience.

First Stage - 1926-1934

The Mott Foundation was a family-oriented, general purpose foundation giving to various interests of the Mott family.

What motivated Mr. Mott to found it? Tax law? Perhaps. But don't forget he was engaged in his community first as a businessman, second as a mayor, and third as a leader and developer of the nonprofit or social service sector. I think the clue to his motivation lies in something he wrote in 1963.

He wrote in the introduction to *Foundation for Living*, a book about him, "Flint's demonstration that the quality of people underlies and overshadows all other factors in existence has had a profound influence on me and on the activities to which I have devoted my life and resources in recent years. When a man believes nothing else is important, really, except people, how can he implement his belief effectively?"

He then says, "... 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." Today, of course, we'd add women to that statement.

So here we see core values, or principles, emerging: the importance of people, partnership with others, and the role of

institutions in helping to express one's concern for one's neighbors. Some might call this a core charitable impulse.

He once called it "citizen or public responsibility."

And now a final quote from C.S. Mott. "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."

Let's move on to the next stage of the Foundation's development.

Second Stage - 1935-1962

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.

Frank was a great leader and tough taskmaster. He established, through the Flint Board of Education, one of the most comprehensive urban education programs ever assembled under one roof. These programs included adult education, preschool and early childhood, recreation, camping, farm experiences, classroom and curriculum innovations, art and culture, race relations, family and juvenile delinquency, health, and criminal justice.

At its peak over 12,000 visitors a year came to see the programs. This led to extensive leadership development and training programs. At this time, Frank was simultaneously the associate superintendent of the Flint schools as well as the Foundation's executive director. A benevolent conflict of interest!

These were the glory years for Flint. General Motors was growing, and Flint was the boomtown. Yet in the late '60s and early '70s, things began to unravel for GM and Flint. Even with the finest educational

system available, the white flight to the suburbs began. Overnight, stable neighborhoods were busted by real estate agents. Some people claim that the development of I-475, which ultimately destroyed many neighborhoods, and the adoption of an unworkable citywide urban renewal program caused the problem. Also, the urban riot which occurred in Detroit and which spilled over into Flint had an impact. Fear, which sometimes disguises itself as racism, took hold.

Returning to the story, thus the Flint model of opening the schools was born. Incidentally, in his current budget proposal, the President [Bill Clinton] has asked the Congress to increase the allocation for afterschool programs from \$450 million to \$1 billion.¹ So the dream lives on. It's a rich story, and I'd love to go into more detail, but, alas, I must jump forward to the next phase.

Third Stage - 1963-1975

This period was one of change and also expansion of community schools from Flint to the nation. Several important events occurred in this period.

1. In 1963, Mr. Mott gave the bulk of his assets to the Foundation. This considerably increased the potential and scale of our giving. It gave us the wherewithal to take the Flint community school concept national.

2. For the record, in 1968, I arrived on the scene. I'd like to acknowledge Mr. Mott's eldest son, Harding, who was my father-in-law. Harding was a Trustee from 1926 to 1989. He was also President and Chairman. Harding was a consensus builder and enabler. He was also a great mentor to a new, young kid on the block.

Let me give you an idea of the role he played. For many years, Harding and C.S. shared an office about the size of a program officer's.

As the story goes, one day Frank Manley came in and presented an idea to install a program in all 50-plus schools in Flint. Harding saw he wasn't making any headway and said, "Frank can you do what you want to do in one?" Frank said yes. Harding said, "Do it in one and, if it works, we will consider the other 50. Don't you agree, Dad?" And so, Flint's version of the full-service schools — I believe we are in the 1950s — was born. It will take a historian to check out the accuracy of the story.

3. The 1969 Tax Act occurred and affected the basic structure of the Foundation. One result was that family and foundation activities had to be separated. This was something that would have occurred naturally, but the tax act forced the issue. As a result, MFO Management Company was formed to provide services to the Mott family.

4. Up until 1971, all the employees of the Mott Foundation were also employees of the Flint Board of Education, our largest grantee. That had to change. And it did, and as a result, the Foundation began to develop its own professional staff.

5. In the mid-'60s, there was a legal review of all our grants to the Flint Board of Education. As a result, over several years, the following activities were spun off from the Flint Board of Education:

- The Mott Children's Health Center. Today, it has an endowment of over \$230 million.
- Big Brothers/Big Sisters.
- What today we call the National Center for Community Education.
- What today we call the National Association for Community Education.
- The Genesee Community Development Corporation. This organization, while it was part of the Board of Education, built 500 homes and relocated some 3,000 families. Today it is known as the Flint

¹ The federal commitment to the 21st Century Community Learning Centers initiative increased from \$453 million in 2000 to \$846 million in 2001, then to \$1 billion in 2002 in appropriated funds.

Neighborhood Improvement Program.

- The Foundation program office as well as several other programs.

The point is the winds of change began to blow in the mid-'60s.

6. In 1971, we revamped the Articles of Incorporation not only to conform to the 1969 tax code, but also to clarify the future governance of the Foundation to make sure it had a governing structure that would work 100 years from now.

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 the things he was interested in. This raises the issue of donor intent.

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 brought an axle business to a little town called Flint, Michigan, in 1907?
- 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 today 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 great mistakes, but hopefully we have learned from them.

7. In 1972, Frank Manley died; in 1973, C.S. Mott died at age 97. Incidentally, after Mr. Mott's death, a critical decision was made to hire our own staff to manage the portfolio. It's paid off.

As you can tell, during this time period we worked on what I call infrastructure. We literally reinvented the operating policies and procedures of the Foundation. We also expanded the Board. To me the word infrastructure conjures up words and topics such 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 policies and procedures, our effectiveness has been impaired.

Clearly the theme that dominates this stage is 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. Incidentally, addressing and anticipating change has become a continuing story at the Foundation.

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to adapt to the new world, while at the same time being
mindful of the things he was interested in.

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

Fourth Stage - 1976-1987

Foundation for Living. We developed a new program philosophy and called it “Foundation for Living.” During this period several things occurred:

1. The Foundation took many of the lessons that had been learned in Flint and developed programs on a national basis.

In addition to community schools, on a national basis, we began funding:

- the not-for-profit sector and specifically community foundations;
- an extensive community development program and the initial funding of neighborhood groups through intermediary support organizations;
- our environment program and the special initiative to benefit the nation’s historically and predominantly black colleges and universities;
- programs in the fields of teenage pregnancy, community-based arts, the handicapped and independent living for seniors.

During this period, we realized the problems in basing all of our work strictly on one local model. For instance, we funded a great neighborhood-based community policing program. But Flint’s city hall made well-intentioned changes in the program, which resulted in it going bye-bye.

2. In 1977, the Mott Foundation announced that over 10 years it would phase out most programs it had traditionally funded at the Flint Board of Education. How did this happen and why?

The inquiry into the Mott-funded

programs at the board of education that began in the mid-’60s continued. The existing programs were divided into five categories and a group of Flint-based Trustees, which at all times included Harding and myself, began an in-depth analysis of them. What they found was: Many programs were not as fresh as they should be; too much money was locked into ongoing programs; and many of the programs did not require subsidy but could continue on their own. Also, the Trustees were concerned that the issues of race were not adequately being addressed. But at the same time, we indicated a willingness to fund new initiatives at the board of education.

3. Let me highlight the Flint-based economic development projects. Time doesn’t permit me to review them in depth, but for the record, in no particular order, they are: River Village, Windmill Place, Doyle-Ryder School, the Broome Center, the industrial incubator, the development of the University of Michigan-Flint’s downtown campus, Riverbank Park, a riverfront hotel, the St. John Street economic development grant which matched local and federal monies to clear the land for an industrial park which GM later used to develop Buick City, Bishop Airport, Water Street Pavilion, and AutoWorld. Indirectly included is the development of the Great Lakes Technology Center, the retention of the Flint Journal downtown, the conversion of the then-empty Wards building into the McCree court building, and the retention of the A.C. [Spark Plug Co.] divisional headquarters in Flint.

Overall, I’d list most of the efforts on the

positive to neutral side of the ledger. One didn't work — AutoWorld. A separate book could be written on it. It was the result of:

- well-motivated people refusing to listen to the market;
- letting dreams and emotions rather than logic govern decisionmaking;
- mismanagement, including the poor execution of the concept; and
- unrealistic financing.

Fifth Stage - 1988-Present

Agenda for the 21st Century. In 1988, the Board of Trustees engaged Rush Kidder², as a consultant to the Foundation, to discuss the big issues for the 21st century with the Trustees and staff. This took a significant period of individual and group time and as a result we came up with the basic issues that are driving our current grantmaking. Part of the planning process required each Board and staff member to express their opinions, on paper, as to what the big issues were that were facing the world. The seven issues were:

- the underclass - now termed persistent poverty;
- education;
- environment;
- leadership;
- ethics and values;
- avoidance of nuclear war/and the pursuit of peace; and, yes,
- Flint.

This process built consensus and also affirmed or reaffirmed much that we were doing. While this process resulted in change, the change was rational, logical and evolutionary. It was not change for the sake of change. We also — on a formal basis — went international. One of the stories behind the five stages is developing muscle strength. We had to learn to crawl before we could join the international philanthropic jet set.

Often people ask me how the decision was made to go international. Well, again there wasn't one decision. Initially our international work was a logical extension of our national work, particularly community

schools. Our work in South Africa emerged from a 1980s investment review as to the appropriateness of investing in companies doing business in South Africa. And our work in the former Soviet Bloc countries grew out of the planning process I just referred to; i.e., the avoidance of nuclear war and the pursuit of peace.

Recently, someone asked me what the Foundation might look like in 2010. After the usual disclaimer about trying to predict the future, I replied somewhat as follows:

1. In the last two years, we completed major planning in all four of our existing programs. In most cases these plans extend for four to six years.

2. In the future, as in the past, I expect new programming to be a natural outgrowth of current programs. I think we have identified the right issues; the question is, can we identify and come up with appropriate and timely responses to them.

What we have found through the five phases of change is that the underlying compelling values remain the same — the 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 were going to be operating in Central and Eastern Europe or Russia but, if he went there, he would notice that some of the programs are very similar to those he was funding back in Flint.

Let me re-emphasize a few other principles.

- First is the importance of an organization staying fresh over a period of time and constantly looking for ways to renew itself. The importance of listening, examining or evaluating, and learning can't be overemphasized.

- Second, our experience confirms that old saying that people are our most important resource. We could not have made the leap from being a local funder to national and then into the international arena without some key staff who had

² Rushworth M. Kidder was elected to the Mott Foundation Board of Trustees in 1990.

grown up with the organization. Their experience and skills always helped us make the leap to the next level without losing our core values and identity.

- Third, as I like to say, at least from a Mott perspective, one's charitable impulse has to hit the pavement on Main Street — that's where people's lives are played out, that's where problems occur, and that's where neighbors have to help neighbors — Main Street, USA; or Main Street, Slovakia; or Main Street, South Africa. Wherever Main Street may be, that's where people are living their lives and we must figure out ways to enable philanthropy at the local level. Sometimes national funders like the Mott Foundation tend to parachute into local communities. But our experience has been that if we can figure out a way to partner with community foundations or local funders on a common problem, then we can get local expertise, local buy-in, and a local flavor and approach to the problem, as opposed to the program being developed in some bureaucratic, remote office of a national foundation.

- The fourth theme which I see coming through the Mott Foundation's story is the need to stay with a field of work, or important organizations, over a long period of time. Community schools, community foundations and neighborhood organizations are examples of this principle. 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."

- Fifth, never underestimate the role of the Board. The changes or transformations I talked about began with the Mott Board. As you know, our Board delegates all administrative details to the staff and has put procedures in place so that the Foundation can respond quickly, flexibly and effectively to opportunities that present themselves to us, and as staff we are grateful for that. We are also grateful that the Mott Board spends time listening to experts, hearing great stories of the heart from people

on Main Street, and visiting grantees. On more than one occasion I've seen Board members crying while listening to peoples' stories.

Looking forward, as an organization, we have a nice blend of diversity in regard to geography, thinking, person, experience and family versus non-family. While diversity is important, what is critical is your commitment to, understanding of, and yes, if I can use that word, passion for the work of the Foundation. That's critical to our success.

Jim Joseph, a former president of the Council on Foundations, used to talk about 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 trying to establish a partnership with grantees. Effectiveness follows. It's a skill, but it's also an attitude. It requires humility; it requires creativity; it requires informed risk-taking; it requires "sweating blood"; and it requires a deep-seated sense of accountability to grantees and the public generally.

To me 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. If one acts from a disciplined and strategic approach to a well-thought out charitable impulse, in the long run he or she should achieve good results. The results may not always come in the form or timeframe one wants. There may sometimes be failures or mistakes, but that's OK. We can learn from 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 a 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."



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