

Terrance Keenan Award Acceptance Speech

GARY L. YATES *The California Wellness Foundation*

The following remarks are excerpted from Gary L. Yates' acceptance speech delivered on March 19, 2009, at the GIH Annual Meeting on Health Philanthropy.

I appreciate this award, especially because the award comes in the name of Terry Keenan. I only met Terry once. He was, in my opinion one of those lifelong learners. He had gathered great, great wisdom in his time in philanthropy and was very open and willing to share it. But what struck me most about Terry was his open mind, his willingness to talk about things in a way he hadn't thought about them before and hear what someone else had to say. To receive an award in his name is special.

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I was sitting around a table in Los Angeles about this time last year with a dozen or so other chief executives of foundations in California. I looked around the room and had a frightening moment as I realized that by about a decade I was senior in tenure to everybody there. The time has gone by quickly – I had forgotten that I'd been doing this for a while. I'd like to share just a few thoughts about the work of The California Wellness Foundation and what I believe I've learned along the way.

The California Wellness Foundation was established in 1992 and quickly took a stance to be a proactive internally-developed, initiative-driven grantmaking organization. Our intention was to concentrate significant grant dollars over an extended period to address clearly defined problems. By 1995

the foundation had launched five strategic initiatives ranging from \$20 million over five years to \$60 million over 10 years. Our guidelines encouraged applicants "to apply for funds to pursue innovative programs that break new ground in the field of health promotion/disease prevention or that improve or expand existing strategies." They also prominently stated: "No funding for general operating support."

As the initiatives were implemented, we observed, we listened, and learned a great deal. We found that while our strategic approach was generally effective, we were also having some negative impact on the nonprofits we funded. Many grantees described the difficulty they experienced trying to mold their organizations to secure initiative funding, sculpting themselves into what they thought the foundation wanted them to be. For many, this meant stretching beyond their mission and eventually weakening the very organizations we wished to support.

The board went into a strategic planning period of about 18 months, discussed what we had learned, and came out the other end with an almost 180-degree different approach to the grantmaking. We called it the Responsive Grantmaking Program. It was to have an open-door process where anyone at any time could send in a letter of interest to the foundation and that would be your "foot in the door" – not talking to me, not talking to a board member, not talking to a program officer. This was our way of trying to level the playing field somewhat. We also decided that at least half the grant dollars every year would be for general operating support and that we would do multiple-year grantmaking, focusing on eight health issues. Finally, the board established four goals that were

ABOUT THE TERRANCE KEENAN LEADERSHIP AWARD IN HEALTH PHILANTHROPY

The Terrance Keenan Leadership Award honors outstanding individuals in the field of health philanthropy whose work is distinguished by leadership, innovation, and achievement.

Grantmakers In Health established this annual award in 1993 in honor of Terrance Keenan who, by example and instruction during his more than 40 years of service and contributions to health philanthropy, charged grantmakers with exercising the freedom to invest in leadership and develop new institutions and systems to confront major needs. He encouraged those in the field to embrace both the freedom to fail and the freedom to persist. He also challenged grantmakers to make "their self concept as public trusts...the overriding article of their faith and the guiding force of their behavior." A generous and consummate craftsman of the trade, Terrance Keenan reminds grantmakers that "creativity...is a cultivated skill, attainable only through continuous effort." The Terrance Keenan Leadership Award is intended to stimulate others to strive toward this same standard of excellence and acknowledge those whose work embodies his spirit.

applied to all the health issues: 1) addressing the health needs of the underserved, 2) sustaining and strengthening nonprofit organizations, 3) recognizing and encouraging leadership, and 4) informing public policy. Words that were prominent in the new guidelines included “strengthen, support and unrestricted funding for existing programs.”

When we announced this new direction in 2001, it sent a little tremor through the field of health philanthropy. We were a foundation that had, in many ways, been in the forefront of

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the initiative style of grantmaking, and we'd had success with it. For us to make a radical change like this was looked upon with interest by some and questioned by many. If there was a tremor in health philanthropy, there was an earthquake within the staff of the foundation. This was a sea change in the way we were going to do our work. People were literally shocked, and you can't blame them.

Paradigms are a mental construct. They are a way of thinking, and if you attempt to discuss a concept outside of that way of thinking the concept doesn't compute. That's how our first discussions were internally about the Responsive Grantmaking Program. It became clear that a paradigm shift was necessary if we were to implement this new approach in a successful manner.

The best description that I know for a paradigm shift is this little story. It has to do with a naval battle group in nighttime training exercises. The group was made up of three destroyers, a light cruiser, and a battleship. They had some rules for the training exercise: no radio contact and only low-running lights. The only way they could communicate was through a semaphore: a flashing light.

A lookout on the bridge of the battleship saw a light ahead in the distance. He turned to the captain, who was the commander of the battle group, and said, “Sir, it looks like we're on a collision course with another ship.” The captain looked out and said, “I believe you're correct.” He turned to the signalman and said, “Flash: we appear to be on a collision course. Suggest you turn 20 degrees to starboard.” The signalman flashed the message, and almost immediately a signal came back. “Agree. We are on a collision course. Suggest you change 20 degrees to port.”

The captain was a little irritated that somebody would challenge him, and he said, “Flash this: I'm a captain with 25 years service in the Navy. We are on a collision course. Turn 20 degrees to starboard now.” And again, almost

immediately a signal came back. “This is a seaman first class with 18 months in the Navy. I agree we're on a collision course. You should turn quickly.”

Now the captain was really upset. He said, “Send this: This is a battleship. It is by far and away the largest ship in these waters. If we hit you, you will be sunk. Turn to starboard immediately.” And the response came back: “This is a lighthouse.” That's a paradigm shift!

And that's what happened over an 18-month conversation with the staff at The California Wellness Foundation – a paradigm shift in how to think about doing our grantmaking. Not that one way was better or worse, but that we were going to do things differently. We are currently in the eighth year of the Responsible Grantmaking Program, and we've learned some things about this approach and the effect or the impact of it.

We evaluate every grant – we always have – internally. When the grants close and a final report is received, an evaluation write-up is completed and submitted to the board. In addition, we use external evaluators for the Responsive Grantmaking Program. Under the program 7 out of 10 met or achieved their objectives, and only 6 percent had significant problems with the work or failed. Clearly, a significant difference in effectiveness. A recent report evaluating the program indicates that on every measure of goal attainment – the underserved, sustainability, public policy, and leadership recognition – we've made significant progress.

In addition, every three years we conduct a constituent satisfaction survey using an outside consultant. It's completely confidential and surveys both applicants (those who are denied) and grantees (those that are funded) about their interaction with the foundation. Surveying those who are denied is important because with our open-door LOI process we say no about a thousand times a year, while only funding about 400 grants. So it's likely there are far more unhappy

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organizations, who were denied funding, than happy ones who received a grant.

Since the beginning of the Responsive Grantmaking Program we've conducted the survey twice. The numbers have consistently gone up; they're now in the high 90th percentile regarding satisfaction with the foundation. Another evaluation asked grantees about their relationship with the foundation. The response was that they feel respected and trusted and that working with foundation staff is something they actually look

forward to. This validates a fundamental truth I learned long ago as a practicing psychotherapist – respect for the other person overcomes any technique.

This feedback is a validation of some of the foundation's core values. *Integrity* – keeping our word – if we say we're getting back to you in three months about whether you're going to be asked for a full proposal or not that's what we do. *Trust* – we believe that the people who are on the ground doing the work, running a nonprofit, know best how to do that work, and we're going to trust in them to determine the

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resources they need. Budgets and objectives are negotiated from a place wherein the final analysis what the nonprofits believe they need is going to carry more weight than what foundation staff believe. And, finally, *Respect* – we respect the people we work with – that they know their work and that they, just like us, deserve respect in the interactions and discussions we have with them. And let me say this: I very much appreciate the staff of the foundation for actualizing these values in our day-to-day work.

I am proud to be the president and chief executive officer of The California Wellness Foundation, and I can't tell you what a great feeling it is to know that we do much less harm than we used to and have significantly more impact through our responsive approach. I have no doubt – we have done less and achieved more.

In the time I've been in philanthropy – beyond that, in the time of my professional life – these are the heaviest seas that I have seen. The economic meltdown across the country and the incredible impact on foundation portfolios are unprecedented. More importantly, the effect on nonprofit organizations, the health and human service organizations in California, is

profound. Demand for service is going up while revenues from all sources are decreasing. And, of course, the poor and the working poor are the people that are most affected.

How are we going to respond? What are we going to do? I've always believed that one of the great strengths of organized philanthropy in the United States is the independence of each foundation. And each foundation has to look at its mission, donor intent, strategies, and decide.

Our trustees have decided to maintain our grantmaking in 2009 at the same level as 2008 – approximately \$50 million.

This is not an easy decision. We lost more than a third of our portfolio, but we reached a consensus that this decision is consistent with the foundation's mission to improve the

health of the people of California. We also believe that given the economic recession and its effect on underserved populations in California, it is more important than ever for the foundation to keep its funding level intact.

When I'm faced with challenges as the chief executive of The California Wellness Foundation, I like to remember to keep things in perspective. There are many challenges that are much greater than the losses in our portfolio.

That's all. I hope some of what I had to say was worthwhile for you. I very, very much appreciate this award, especially as it comes from my peers. Thank you.

Mr. Yates' speech has been substantially edited for this publication. The entire text of his remarks may be viewed at www.calwellness.org.

ABOUT GARY YATES

Gary L. Yates is president and CEO of The California Wellness Foundation (TCWF), which he joined in 1992 after decades of experience in education and public health. He first joined the foundation as a senior program officer, managing TCWF's first-ever health initiative, and became president and CEO in 1995. Mr. Yates currently serves as an assistant clinical professor of pediatrics at the University of Southern California School of Medicine and is a licensed marriage and family therapist. Mr. Yates is actively involved in the leadership of various philanthropic, civic, and community organizations. He served on the GIH Board of Directors from 1996 to 2003 and served as chair for two years.

Mr. Yates' remarks acknowledged Peggy Saika, former board chair of TCWF; TCWF staff, and his wife Ann.