

CARNEGIE CORPORATION OF NEW YORK ORAL HISTORY PROJECT

The Reminiscences of

Geoffrey T. Boisi

Columbia Center for Oral History

Columbia University

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## PREFACE

The following oral history is the result of a recorded interview with Geoffrey T. Boisi conducted by Ronald J. Grele on July 12, 2012 and July 18, 2012. This interview is part of the Carnegie Corporation of New York Oral History Project.

The reader is asked to bear in mind that s/he is reading a verbatim transcript of the spoken word, rather than written prose.

3PM

Session #1

Interviewee: Geoffrey T. Boisi

Location: New York, NY

Interviewer: Ronald J. Grele

Date: July 12, 2012

Q: I wondered if we could start with a bit of your biography so we get a picture of you before you went to Carnegie [Corporation of New York] or before you became on board. You're from Long Island?

Boisi: I'm from Long Island, New York—born and bred in New York. I grew up in Westbury, Long Island. Went to parochial schools, from grammar school, to Chaminade High School, to Boston College, to the Wharton School [of the University of Pennsylvania] and then on to Goldman Sachs, where I was the first associate hired out of business school into the mergers and acquisition department of Goldman Sachs and had a great career there. Spent twenty-two years at Goldman Sachs and rose to the management committee of the firm and headed up the investment bank at Goldman Sachs. Then when I retired from there, I spent a few years in the nonprofit world, where we founded a nonprofit called MENTOR, the National Mentoring Partnership, and at that time also was chairman of Boston College and involved in a number of other nonprofit activities. Also was the chair of the graduate school at the Wharton School.

Then we started another business, a private investment business, called the Beacon Group, which we built up over a seven-year period of time. As a result of an advisory assignment that we had with Chase Bank, we recommended that they merge with J.P. Morgan. At that point in time, it didn't occur. Chase's response to that was to ask if we would merge our business in with theirs,

which we did. I became vice chairman of Chase and head of their investment bank. Three months after we did that, we went back to J.P. Morgan and then merged J.P. Morgan and Chase. And then I took the next three years integrating those organizations. That was to fulfill the commitment that we made. But we always have been in private partnerships on Wall Street and so then we created Roundtable Investment Partners, which is the organization that I chair and I'm the CEO of today.

Q: I would gather your family is Roman Catholic.

Boisi: We are.

Q: Is that an important part of your life?

Boisi: It's a very important part of our lives.

Q: When you say our lives, you mean—

Boisi: My wife and myself and the family. I think there are eighteen members of our family who have graduated from Boston College. My first interaction was as at parochial school. I was an altar boy and lector in our parish and have always had an active involvement with the church. Actually, the very first public speech I ever gave was in eighth grade on Catholic Action—an eleven-minute speech. Now that it is fifty years since my grammar school graduation, I've been mentioning to people that I'm still giving speeches on Catholic Action.

Q: What did Catholic Action mean at that point in time?

Boisi: It was really getting involved in the community and service and using your Catholic faith for the—

Q: This is post Vatican II, of course.

Boisi: This is post Vatican II, exactly. And really using your faith and living your faith out in the secular world in a way to contribute to society. The greatest good for the greatest number of people. That kind of concept.

Q: Your father was a banker with Morgan?

Boisi: My father, actually—who's ninety-three now—started out as a lawyer. He represented [William] Bill Zeckendorf [Sr.], who was a famous real estate developer here in New York—sort of like Donald Trump is now. And my father was a lawyer and then was asked to become the first head of real estate for the New York Central Railroad. As we sit here on Park Avenue, he developed many of the buildings here on Park Avenue because the project was originally owned by the New York Central. He actually perfected the use of air rights. After the New York Central merged into the Pennsylvania Railroad, he became the first head of real estate at J.P. Morgan and rose through the ranks to the management committee at J.P. Morgan and when he retired, was vice chairman of J.P. Morgan.

Q: Is Boisi an Italian—

Boisi: No, it's a French name. Yet, I was brought up in an Irish Catholic family. My maternal grandparents—my grandfather, who I was very close to, came from Ireland when he was sixteen or seventeen years old, and had four girls: my mother and three sisters. My father, who was French, never laid eyes on his father. His father was a Frenchman who joined the American Army in the First World War and got hit by mustard gas in France. The way he got to the United States was on the troop ships coming back to United States—immediately went to the V.A. [Veterans Affairs] hospital, met my grandmother at the V.A. hospital, conceived my father. But because my grandfather had tuberculosis and died, my father never saw him. So he was brought up by a single mother here in New York and started out in Hell's Kitchen and went to Stuyvesant High School, to Brooklyn College, to Fordham Law School and then the career that I mentioned before.

Q: When you went to Chaminade—the Marianist Brothers have a particular view toward social action. Is that a part of who you are?

Boisi: Yes. The Marianists are a great group of people. They believed in the development of the mind, body, soul, but were very, very insistent on—again, somewhat like the Jesuits—integrating the notion of your faith with all aspects of your life. So that's how I actually started out with my interest in mentoring. I played sports there but on Saturdays, after our game or whatever, actually it was, a number of us would go to the St. John's [Residence for Boys] home

out in Brooklyn and play with ex-orphans. It was a very transformational thing in my mind. As we left in the early evenings on Saturdays, these kids were just so thirsty for affection and a relationship with older male figures that it made an impression on me.

So throughout college and when I first started at Goldman Sachs, even though it was a very intense work schedule, I always had a mentoring relationship with a young person. Then as I grew within the organization at Goldman Sachs, I took a special interest in nurturing the younger people as they came into the firm. Back in 1989—that's when we created MENTOR, the National Mentoring Partnership.

Q: Why Boston College?

Boisi: Well, to be honest with you, I was interested in Dartmouth [College] and I got waitlisted at Georgetown [University] School of Diplomacy. And I just said, I like the campus and went there. At that time, it was an all-male school. Chaminade was an all-male school. I liked the athletics aspect of it plus the rigorous academic aspect of it. But to be honest with you, when I went to Boston College it was not the Boston College of today, even though it was a great education. I really enjoyed the Jesuits and the intellectual stimulation and the approach that the Jesuits, again, took in terms of effort to excel. I tended—as most people do, I guess—to get imbued with the essence of the organization that they're part of. And I bought into the program and it's been very formative. Whether it was St. Brigid [School], my grammar school, or Chaminade High School or Boston College and then Wharton—each of those institutions had a very strong impact on the way that I think about the world, the way I try to approach problems,

the way that I try to approach people. But all of them had a sense of utilizing your gifts to the best of your ability for the service of mankind.

Q: Did you ever feel a tension between the ethics of the Church and your work on Wall Street?

The secular world and the non-secular world?

Boisi: You know, a lot of people ask about that.

Q: It's an intriguing question.

Boisi: Just a little background: when I was in college, I got an internship selling real estate and that was my day job. At night I worked in hamburger places and did physical labor and stuff like that to actually make money. But I wanted to get a sense of the business world. Back then—and this was before the World Trade Center was actually constructed—part of my job was to sell space in the potential World Trade Center. Actually, the fees that I got off of doing that paid for a portion of my college and graduate school—and it was there that I first saw the tension of ethics in business. I liked the process in the real estate business of the development side of the business, where you conceived an idea from nothing—used your technical skills, your quantitative skills, your analytical skills, your writing skills to develop a proposal, your selling skills in terms of getting in to see a senior person who had capital, the negotiating skills of working through that process. At the end of a year or nine months or a year and a half or whatever it was, there was a physical exhibition of your work. And so I liked that process. What I didn't like was the ethical mores that I observed in the real estate business back at that time.



Q: Such as?

Boisi: I said to myself, let's see if I can find a job that utilized those skills, which I felt like I had. I vowed to myself I would only stay in an environment as long as I was comfortable with the ethical mores of the organization, the values of the organization and where they are, in my mind, contributing to society in a larger way. When I went to Wharton and interviewed a number of firms and had the opportunity to work at several places, I took a summer job at Goldman Sachs. I was the first summer employee they had hired. And I liked the people, I liked the environment.

Q: It was then a partnership?

Boisi: It was a private partnership at that point in time. And I liked the people. I liked what they stood for. For the time that I was there, it absolutely adhered to those very high standards. I never once felt uncomfortable in any of Goldman Sachs's perspective of things. And if I did see something that was potentially untoward, by the time I was a senior partner there we would address it in a pretty harsh way with people. We'd fire people. We would fine people. We would take action on it. So I felt comfortable with the notion of the client coming first and always doing the right thing. If anything was even close to the line, we would move to the right side of that. So that was never something that was troublesome to me.

Now, periodically, I've had the opportunity a few times to fire clients if we didn't like either what they were doing or what they were planning on doing or the way they would treat people,

including the female members of our organization. I always felt like if I took a tough stand on something like that my senior partners and other partners had my back. So I never really felt that.

Q: The way you described that world—you describe almost like a very creative kind of environment.

Boisi: It was. It was extremely entrepreneurial. It was problem-solving at the highest degree. The experience that I had at Goldman Sachs in particular—we were the first to form a merger department on Wall Street. When I joined I was the fourth person and after six months there were two of us. So we grew that part of the organization. We were a world class player in that market and helped build the industry. But it was very exciting. It was transformative to the world of finance in a way and on a global basis. And it was a great experience.

Q: You were at Boston College in the late '60s. And what was it like?

Boisi: Boston College in the late '60s—it was during the period of time in the Vietnam War and there was a lot of unrest. The S.D.S. [Students for a Democratic Society] was just starting to evolve at the university. I remember being passionate with the notion that I wasn't going to let a group of people stop me from getting my education. So to the extent that they were going to be blocking or inhibiting other students' ability to get access to class and whatnot, I took great offense at that.

Counter to a lot of people, I actually volunteered to go into the service. It was during the period of time where they were drafting folks. I was accepted into the Officer Candidates School. I actually got engaged at that point in time to my wife. But at that point in time, in my senior year, they came up with the notion of the lottery. I got a high number in the lottery but I was still planning on going. My parents and my wife actually really were very upset about that notion and suggested I go down and—because I hadn't applied to business school or law school because I was planning on going to Vietnam and I took a course of action that was going to put me into Officer Candidates School. But then I got sick and had an operation and that gave me a physical deferment. So there I was, left without a real plan for school. As a result of my real estate development activities while I was working during the summer, I talked my way into Wharton and got accepted at Wharton and went on from there.

But school life at that point was semi-depressing or disruptive from the standpoint of the intense, emotionally political charged activity. It was a tough time because in high school, JFK [President John F. Kennedy] had been killed, RFK [Robert F. Kennedy] had been killed. Martin Luther King [Jr.] had been killed. Malcolm X was assassinated. It seemed as if every week a major public figure was tyaken out.

Q: I was going to ask about that. What was the effect of the Kennedys on your thinking?

Boisi: They were actually quite influential because I was always interested in politics. I was always interested in social issues. I was extremely enamored with them as individuals and what they stood for, in my mind, at that particular point in time—and not only being involved in

athletics but also the service things. You know, the civil rights movement was extremely active at that point. I was quite focused on that and tried to be involved in aspects of that. So it was a tumultuous period of time but it really made you think as a citizen of the United States, as a human being. I tried to be more thoughtful about the choices that I was making.

But for most people, college is a very transformative period in one's life and an introspective period in one's life. I was fortunate to surround myself with friends who were not only fun to be around and played sports and whatnot, but we had very active conversations about, I thought, more important subjects. And one of the things I liked about Boston College, actually, was the philosophy and the logic courses that we took and the political science courses, which was my initial major. Then I moved to English. So you had to be introspective and think about things in depth.

Actually, I found being an English major very helpful in my business career because we wrote so many papers. It forced you to formulate your thoughts and arguments in a way and to express yourself in the written word that really helped me tremendously in my business career—and had an advantage because most people were either math majors, engineers or business managers and they didn't have that kind of training or background and, I think, in depth thoughtfulness on why things get done the way they do. I think that also informed me a little bit on the strategic aspect—and one of the reasons why I was interested in the merger business in terms of the strategy of businesses. Then in the early period of time when raids started to happen, we ended up defending a lot of companies in very intense periods of time and in difficult situations that

had a lot of people's economic lives on the line. We took that very seriously. It made you grow up faster than your chronological age.

Q: At Wharton, did you carve out a specialty? Was there a special area that you were interested in?

Boisi: I was a finance and real estate major.

Q: They're very big on finance down there.

Boisi: Yes, that was their lead area. But to be honest with you, because I had no math background at college because of the English major thing, one of the reasons why I chose to try Wharton was just for that reason. I always tended to go to what I perceived my area of weakness was, go to the best institution or organization or teachers in that area. I figured if I could master that, then I would catch up to those with whom I was potentially competing or had the advantage at that time. And that certainly was the case with Wharton. I would go into classes at Wharton some days and I would not understand what the teacher was talking about. I'd go to the library and I'd essentially have to tough it through myself to figure it out.

I do recall one of my BC teachers—because I was in the College of Arts and Sciences, in my senior year, I wanted to find out whether or not I had any real interest or aptitude in some of the business stuff, so I took an accounting course and a business policy course. I was the first person out of Arts and Sciences ever to get accepted into one of those courses. The professor happened

to be the same guy in both courses. So when I was applying to Wharton, I went to him to ask if he would write my recommendation. And he said, “Well, I certainly would.” And then I said, well, do you have any advice for me? And his advice to me was don't waste the twenty-five dollars on the application.

[Laughter]

Even though I got A's in his course he didn't think that I had the background. And lo and behold, I talked my way into it. So a number of years later, after I became a partner at Goldman Sachs and on the Wharton board and the chairman of the Wharton board and active at B.C., at one of the dinners at B.C., I saw my professor and I reminded him of his advice to me but thanked him anyhow.

Q: When were you approached and why were you approached to join the Carnegie board? Had you known anything about Carnegie?

Boisi: Well, yes. Yes, I was generally aware of Carnegie. But John [C.] Whitehead, the senior partner at Goldman Sachs and a mentor of mine, had previously been on the board. But a good friend, Vincent [A.] Mai, whom I met in business—but primarily because our children, our four sons, had gone to Friends Academy out on Long Island, a Quaker school—we were on the board together there and got to know him.

Q: Not a Catholic education for your kids?

Boisi: For grammar school, it was Friends Academy. For high school, each of the boys got accepted at Chaminade. Chaminade is a very rigorous experience and it's not for everybody but I wanted to make sure everybody went through it because it was very competitive to get accepted. I wanted to make sure—because of the history with myself, my brothers—that each of the boys went through that experience. So they got accepted. Not each one of them decided to go, however. My oldest decided to stay at Friends. And my number three guy went to Chaminade. And my number four guy went two years to Chaminade and two years to Friends Academy. But they all did extremely well.

Q: But you had known Vincent Mai?

Boisi: But I had known Vincent Mai through that experience and he had been on both the Friends Academy and Carnegie boards. And so he and I had just a lot of conversations about education reform. He was well aware of what we were doing in MENTOR. He knew of our experiences at B.C. and at Wharton and a number of other things and I think he probably mentioned it to Vartan Gregorian. I was not unknown in the business world. Then I got to meet Vartan through that experience and we just struck up an immediate friendship. I just have the highest regard for him. This was, I guess, in 1999 and then I was asked to join the board in 2000.

Q: Had you known anything about Gregorian prior to meeting him?

Boisi: Oh, yes. Having been at University of Pennsylvania, I was aware of him being a provost at University of Pennsylvania. I had followed him, obviously, in what he was doing in New York with the [New York Public] Library and then at Brown [University]. One of my good friends and colleagues and partners at both Goldman Sachs and at the Beacon Group, which we started, served time on the Brown board and so knew Vartan from that experience. I was well aware of the success that he had there. And then when he went to Carnegie—and in my friendship with John Whitehead, he had talked about Vartan over the years—I was always quite well aware of not only who he was, but also what he stood for and what he meant to the intellectual world and certainly the New York community.

Q: What were your impressions when you first met him?

Boisi: Well, he has one of the most exciting minds of anybody that you'll ever meet. That was one aspect of it. I sort of expected that. I wasn't expecting as much of the human touch and his ability to personally connect with you at an immediate intimate level emotionally and getting to know you and your family as a person—getting to know what's important. You know, he's very perceptive in terms of discerning what's important to you as a human being and then making those connections. I just love having conversations with him because they're varied, they're real, they're practical, they're imaginative—you know, deep and fun at the same time. I just find him to be one of the more extraordinary human beings I've ever met.

I think Carnegie's a national treasure. I think that he was the perfect person to lead this institution during the last number of years. Because of this great intellect and great style and great personal



appeal, he has a convening power, the likes of which very few people have. Because of the deep respect people have for him and their enthusiasm for not only being around him but helping him do whatever it is that that fertile mind is trying to create—because of that, from the very first day. This is something that in my business career and eleemosynary career I have prized a lot in terms of bringing the right people together to get something done. And he personifies that notion. So one of the things that I found so attractive about him was—and he'd follow the encouragement—was to use his personal convening power and the power of the Carnegie institution to bring other institutions together really to do bigger and better things, to attract capital to it, to attract intellectual capital to the issue—but people who actually can get things done. I think he, to my estimation, has done that in an unusually high level and a good aggressive way.

Q: Between the time you were asked and when you actually joined, did they provide you with any information or background on Andrew Carnegie? On what the foundation had done?

Boisi: Yes. There was definitely information from the Internet. I had done some reading on Carnegie himself so I was totally in tune. In the conversations that Vartan and I had—and we had several before he invited me on to the board—we talked about education reform, both at the K-12 level as well as the university level. I think he was particularly intrigued with the perspective that we had through our mentoring activities and through the experiences that I had nationally—going and building a national organization like that and meeting people from around the country. I think he saw that the way that we built organizations from a foundational standpoint was very much in tune with the way that Carnegie himself had designed different strategies that he

employed over years and years. Then, given our business experience—and we were fairly involved with the globalization of Goldman Sachs and through that had a global perspective on business and the needs of the world from the different cultures. I think that he may have seen some benefit from that experience.

And I think that Carnegie himself, obviously coming from a business background, was always looking for accountability and results. And not only having folks from the academic world and the political world, but some folks from the business world who had a bottom line orientation—but a bottom line orientation with a bit of a heart and, I like to think, some vision, was where the connection was. And all those things from my homework that I had done fit like a glove with what I had read about the way that Carnegie had built the organization.

Q: Now, you knew some of the people personally before you joined the board. How did they operate as a board, collectively? What was your collective view of that twelve, thirteen? However many people there might have been.

Boisi: Well, I have to say, I viewed it as a great honor to be asked to that board. When you looked at the people who were on the board—I mean, throughout my entire twelve years there now—you sort of pinch yourself and say, okay, why are you here? But as a group, I would say, in the beginning—you know, the Sam Nunns [Samuel A. Nunn, Jr.] of the world, the Judy Woodruffs of the world—these are iconic figures. Ruth [J.] Simmons from Brown was on the board at that time and [Thomas] Tom [R.] Pickering. And you had Governor [James B.] Hunt [Jr.] and Governor [Richard W.] Riley and [Thomas] Tom [H.] Kean. I mean, these are people

that you're reading about every day in the newspaper. So to me it was like adult education at the highest form because not only were you getting these brilliant scholars who were the operating leaders and partners on the staff at Carnegie but you were getting insight from world leaders who had been steeped in a number of these different issues.

I would say that each of us was assigned to a different programmatic side of the business but you got moved around after a period of time so you served on every aspect of the programmatic side. Then we each had a functional responsibility. In my case, it was the investment committee or the compensation committee or the finance committee, things that were relatively suited to your functional background and experience in the world. To the extent that you were chair—in my case it was chair of the investment committee and then as a result of each year on the investment committee or on the executive committee—you got to see how the overall organization worked from a business standpoint, so to speak, and an operational standpoint. You brought your practical experience to that.

But then on the program committees, you had certain people who were experts in those areas. I think Vartan was very smart in the way he brought people in who had experiences—in my case, building a number of 501(c)3s from the ground up, having a national or international perspective on it. So your experiences on the eleemosynary side contributed to the conversation and then your functional background. Like [Raymond] Ray [W.] Smith, for instance, who was the former chairman and CEO of Bell Atlantic, was on the board when I first joined. And he and I, being the business guys at that point, would be asking, well, how do we define return on investment for the grants that we're making? What are the numbers associated with performance? So we would

bring that kind of perspective, where the Governor Riley or Governor Hunt or Governor Kean would bring in their experience from an executive standpoint but from also a political and governmental standpoint. Some of the presidents of the universities would bring an academic piece to it but also a practical piece given the development of faculty and that sort of thing. So I thought it was a very integrative and it was an exciting kind of conversation. I would say in the early stages, it was a little bit more show and tell and then with some questioning.

As the years have gone on, we've become much more strategic in our discussions—bringing in outside experts in order to define new problems but also to try to define ways to figure out how to be more action-oriented, bringing in other organizations that would give us a more powerful response than just giving a grant. And to the extent we were focusing on policy issues, how could we bring in other organizations in order to have a bigger voice, in order to change the direction or alter the direction or inform the direction of a policy discussion? And I've seen a great evolution of that over the years that I've been involved.

Q: Interesting. You mentioned Mr. Smith. Were there particular members of the board to whom you looked for—in those early days—a kind of clue or guidance in a way?

Boisi: Well, Helene [L.] Kaplan as the chair. She was the chair when I first started. And I have just the greatest admiration for her.

Q: Yes, I interviewed her.

Boisi: I mean, I think she is just a spectacular human being, a great intellect. She's somebody who has terrific judgment, who has a style and a sensibility of getting people to work together. I mean, she can deliver a tough message in a velvet glove. But she can also be very pointed in terms of getting to the heart of the issue.

Q: Unfortunately, that gesture will never be seen [laughs].

Boisi: Right. So I just have great admiration for her. She's made a very, very important contribution to the organization. I think she set the standard for a lot of people because she would never come to a meeting where she hadn't read every single word. And there were a lot of words provided [laughs]. But she had read every single word. She had a perspective on it. And I think I that that inspired the rest of us to do our homework in a particular way. You know, Tom Kean, who obviously succeeded her, he's another. All the people that I've met there are people of real wisdom.

Sam Nunn, who was only there for a period of time but who I've stayed in touch with—I think he was a giant statesman. There are a number of people who have been statesman. Tom Pickering. To listen to Tom Pickering give you an analysis of what's going on in the Middle East or in Russia—his depth of knowledge and insight and practical assessment of situations but doing it in an eloquent fashion. I mean, it was worth the price of admission just to listen to these people. And now to have Amy Gutmann or [Richard] Dick [H.] Brodhead. Two of my boys went to Yale [University] and so I first met Dick Brodhead listening to him giving the convocation speech for my two sons at different points in time when they first went to Yale. I think one of my sons

actually became good friends with Dick's son and roomed together in New York after they graduated. So we've gotten to know them from there. But watching him, the contribution he gave to Yale, now to Duke [University].

The breadth of discussions that the board would have—one of the other aspects of it—I don't know if people have commented on it but Vartan instituted having dinners in the early stages with the trustees the night before, where the discussion was just very broad-ranging. But you got into hearing smart people—I like to think—contributing to a conversation about the evolution of the culture of the United States, if not the world in certain aspects. But the insight that was brought by these various people is just extraordinary. And he's kept, I think, the level of folks—present company excluded. I mean, it's just a phenomenal experience and one that I'll cherish forever.

Q: Now, you've served on the board of trustees at Boston College. How would you compare serving on the board of trustees of a university and serving on the board at a foundation?

Boisi: I have to be careful here.

[Laughter]

Q: That's why I asked.

Boisi: You know, at Boston College—I'm very proud of Boston College and I was chair there and I served on the board there for twenty-seven years.

Q: Now, are most of the trustees up there are graduates of the college?

Boisi: In the early days they were. It's expanded beyond that. Because you had asked before about what it was like in the late '60s, Boston College, within a couple of years after I left, almost went bankrupt. The Vietnam War and that whole period took a real toll on the institution. And my good friend and close friend, now, and mentor—Father [J. Donald] Don Monan—became president of Boston College in 1972. I went on the board a few years after that. So he redesigned Boston College and took it from essential financial bankruptcy—almost, in a way, a spiritual, moral bankruptcy—and built it up to one of the great institutions of the country over his twenty-five, twenty-seven years. And I was with him there. I take great pride in that in the same way that I do at Wharton. When I first went on the board at Wharton, we were fifth, sixth and then we rose to be number one. We're constantly in that area.

So at Boston College, bringing lay people on to the board who had different functional backgrounds was an important thing. I would say that the national or international stature of that group was not at the level of the Carnegie foundation. Where we were as an institution, from a brand recognition and from a building standpoint—I mean, you used your functional backgrounds more during that period of time in the early stages of Boston College's reinvigoration. Whereas your intellectual involvement at Carnegie was different because you

were saving an institution versus a well-endowed institution. When I joined the board at Boston College, we virtually had no endowment and today we've built it up to a couple billion dollars.

Q: Would it be fair to say that at a university, when you're on the board, one of your obligations is to increase the endowment? Whereas in a philanthropy it's how to manage the endowment? Because there's never any increase externally.

Boisi: There's no external income, so you want to maintain your purchasing power and grow it. At a university you're accumulating it but you're also building buildings. You're building a faculty back up. There's much more strategic decision-making there in a way. When you're at a foundation you've got the capital. People are coming to you with ideas constantly to get access to your capital. Where you're really building a business, an education business, at a university level and competing for students and things like that, the breadth of issues that you're facing is quite different. But you do have a faculty aspect to it—an evaluation of people and motivation of people. But in a lot of ways it's simpler at the Carnegie foundation than it is at a university.

Q: Now, you mentioned that when you joined there were subcommittees—program subcommittees—for the members of the board. That changed in 2008.

Boisi: No, it's still structurally that way. But I'd say the type of conversation—the interactive nature of it, the probing by the trustees of the issue at hand—the more you adopt a notion of wanting to be involved in developing strategy, the more you want to be involved in what are the results. What are the results in human terms? What are the results in financial terms? You know,



trying to pinpoint what are the levers of success of a grant, of a project, of a concept, of a strategy—and talking through those points and trying to identify benchmarks of success. Then how you convert those into a broader policy or piece of a larger strategy to accomplish a larger systemic goal. So the conversations, I think, have become richer as a result of that evolution and that positioning of Carnegie as a leader and a convener. I've seen, to my mind, a growth in the level, depth and importance of the conversations over the dozen years I've been here. And that's been led by Vartan.

Q: Yes. You talked earlier about your religious background and the kind of moral ethic that you bring to your activities. How does that meld with the Carnegie board, which is more of a secular outfit?

Boisi: Yes, it is. This is sort of a segue in a sense but the Catholic church represents, nominally at least, a quarter of the population of the United States. If you look at the education world, the social welfare world, the health care world, they're critical players in that. Not that that is ever impinged on things. But there have been points in time where I've challenged the group a little bit to think about are there ways that there should be a little bit more crossover? Because the Catholic institutions are serving everybody. They're not just serving a Catholic community. So you ought to think about them in a little different or broader context and their importance.

But that's never been a big issue one way or the other. I think as you get more into education reform it'll become a bigger issue. Over the course of the last two years, I would say there have been more suggestions and recognition by the staff in particular. Some of them—Michele Cahill

and others—have been very helpful to me. Carnegie has been very helpful in terms of some of the education reform things that we've done from the parochial school system and whatnot. We've been asked by the government—when I say we, I started an organization called the National Leadership Roundtable on Church Management, which focuses on the temporal issues related to the Catholic church with the belief that if you can stay out of the doctrinal food fights and you stay with the temporal things that we lay people have more knowledge of, you can build the infrastructure and the strength and the accountability and the checks and balances and the strength of the organization, which helps inform the quarter of the population that is Catholic but helps the rest of the population in terms of its social welfare, education and health care needs. Organizations like Carnegie are necessary to contribute to that in order for that to be done. As time goes on I hope to see more integration there.

But I digress a little bit. On the moral and ethical things, we talk about those things at the board. I'll have to think about that a little bit. Nothing's popping into my head right now in terms of—

Q: We'll have another session sometime.

Boisi: —a graphic, you know.

Q: Yes. You mentioned staff. Over time, what have been your impressions of the Carnegie staff?

Boisi: I think they're an extraordinarily talented group of people. My intimate activity has been with the investment staff, the finance staff and whatnot. I'll just talk about them for a minute. I've

had the privilege of working with [D.] Ellen Shuman for most of the time. She was the chief investment officer and she had built a terrific group of people. The performance of the endowment over the years has been extraordinary. I mean, if you think about it—it's a hundred years ago that Andrew Carnegie first invested \$135 million, which in today's dollars would equate to like a two billion dollar investment. From 1911 to the 1970s, to be perfectly honest, they lost purchasing power because they just invested in bonds. That's a long period of time to lose purchasing power. Then in the '70s, they went to sort of sixty-forty stocks to bonds and grew it till the early '80s to about \$187 million. It was only through the introduction of more modern portfolio management—what people now call also the endowment approach to investing, bringing in Ellen and whatnot. You know that \$187 million had grown to, at one point, three billion dollars after contributing two billion of capital in grants. I mean, that's a huge growth. But that's the beauty of an endowment or a long term investor—you can compound that capital if you do it in a sensible way. We've compounded it roughly nine and a half to ten percent over that period of time. So if you can keep that capital working in a sensible way and try to avoid too deep downticks, you can build that capital up to the point where we now can be contributing up to, in certain years, between one hundred and one hundred thirty million dollars a year of grants, which is not insignificant. If you use those grants in a sensible way, you can affect a lot of lives. That staff takes a great amount of sense of responsibility and pride in developing that. And Ellen—and now Meredith Jenkins and Kim [Y.] Lew are succeeding her—and we've just gone through a transition over the last year of that group. You know, you're talking about leaders in their area and their disciplines.

When I look at Michele Cahill on the education front—she was there when I first came. She went and served the mayor for a period of time—Mayor [Michael R.] Bloomberg here in New York—did a great job, came back. I mean, she is an absolute all-star and one of the most influential players and thinkers in education reform in the United States. And Deana [Arsenian], you could say the same thing in her international prowess. So we've been really gifted. Vartan has been terrific in terms of attracting very high quality folks over the years. They've been exceptional thinkers. They're more than thinkers and academics. They're leaders in terms of fashioning strategies and policy. Because of the respect of the institution of Carnegie, the respect for Vartan and the respect of those individual leaders, I think a lot has been accomplished over the years.

Q: The way I had organized my notes was to talk about the program and then to talk about the endowment. We can go that way. Or we could talk about the endowment first and then the program, whichever way.

Boisi: Why don't we talk about the endowment first?

Q: Okay. Generally, what is the difference between the endowment—we talked about this a bit—at a university and the endowment at Carnegie.

Boisi: Well, there are universities and there are universities. I mean, as I mentioned before, you have some universities who have small endowments: one hundred, two hundred, three hundred, four hundred million dollar endowments. You have to deal with those in a different ways than if

you are Yale or Harvard [University] or University of Pennsylvania or MIT or Stanford [University]. In the 2.5 to three billion dollar level, we're not in the category of Harvard or Yale. But we operate in terms of quality, in terms of access to investment talent, our reach around the globe. We have a fully staffed investment team that I would put up against any of the major institutions. And therefore, we operate at a very high level and challenge ourselves and benchmark ourselves against the best performing universities and endowments in the world and are proud of that and have continually operated in the upper echelon of that type of performance. But we take a very fundamental, rigorous approach to our investing—primarily through Ellen and now Meredith and Kim. They are considered among the leaders in that community. And actually, when we first attracted Ellen—she was there before I was but Vartan and Vincent and [Martin] Marty [L.] Leibowitz and some of the others, my predecessors as chairman of the investment committee, when they first went to David [F.] Swensen—and Ellen was trained there [at Yale]—he made a great contribution in suggesting Ellen. Ellen, this was her first CIO job and she did a spectacular job.

But you know, people talk about the endowment approach to investing. It's a little bit like hedge funds. People use generic terminology. But when you really get down to it, there are a lot of different styles and methodologies to it. In the way we think about it, it's sort of an open architecture across all asset classes, where we can be nimble moving in and out of different asset classes because we're absolute return oriented—in other words, looking for the bottom line of it. We'll move in and out of those things, not filling up style buckets. It's a very dynamic approach. We tend to invest with emerging, hungry portfolio managers all around the world. We were leaders in going into the real estate industry. We were leaders going into the emerging markets

and what they call now the frontier markets—and through that, advantaged ourselves in terms of the growth of capital.

But on the other hand, I think we've tried to be very judicious in risk management and protecting on the downside and moving in and out of sectors at appropriate times. That's what all universities are trying to do at the highest level. One of the reasons why we interact with them is, if you look at it as a genre of investing—endowment investing—over the last twenty-five years, they've led the way in terms of performance. That's because of the quality of people. They do communicate with each other and challenge each other at an intellectual basis. In the same way, on the program side—you know, there are colleagues who operate within a community—the same thing happens in the endowment community. It's a very stimulating community. But Ellen and Kim and Meredith are among the leaders of that. So they're part of the intellectual kitchen cabinet—and some of the people who are great leaders at other universities are part of their intellectual kitchen cabinet. So we benefit from that.

Q: You mentioned flexibility but one of the constraining factors is government policy. There must be a five percent pay out.

Boisi: And we adhere to that. We developed a twelve quarter rule, where we try to keep within that five to five and a half percent area over a twelve quarter rule. So as either endowment grows or recedes, we're sort of balanced. So what we can contribute to the operating grantmaking capability stays within a band so we can maintain our purchasing power, so to speak, there. And

we watch that carefully. So there's a lot of interaction between the investment team and the finance team within the institution.

Q: Given that five percent payout plus inflation, it does mean the endowment has to perform at a certain level. Or if it doesn't then the program has to be cut.

Boisi: That's correct. We constantly look at our purchasing power and maintaining the value of that. In the last few years—particularly since 2007—that's been a huge challenge because the fixed income markets have not been contributing the typical return and yield that that contributes. The growth of the markets and the growth of the economy have retarded that. And so it's been a challenging thing. We've been maintaining at that level, but it's been not easy.

Now with the global markets opening up—we were an early mover in that area. We were an early mover in what we call the alternatives area in terms of private equity, venture capital, real estate, real asset, in terms of oil and gas and metals and mining and commodities like that, which are inflation hedges to a certain extent. Real estate and the energy markets have performed that for us. So when the equity markets have been down, some of those have been up. We've been able to wend our way through that by going to the emerging markets—China, Asia, India, Brazil, some of the other frontier markets, Africa. Africa—interesting—the continent of Africa has been the highest performing programmatic performer over the last dozen years, which most people wouldn't have ever expected. We were able to find what we call killer money managers—leaders—who identified movers within each of the countries. Because of countries like Africa, where there isn't that much competition, they become sort of oligopolies or monopolies within a

market. If you've been able to invest in one of those companies, because they have less competition they actually have been able to attract higher quality management teams and so their performance has been quite good. Most people weren't focusing on places like that.

So we're constantly challenging ourselves to look into those areas. As we've built the investment team—I mean, today you have [Sir James] Jim [D.] Wolfensohn and you have Pedro Aspe, you have [Norman] Norm Pearlstine, you have Stephen [A.] Oxman from Morgan Stanley, as well as Marty Leibowitz, myself. We've had international experience but some of those people have been the head of the World Bank or the equivalent of secretary of the treasury of Mexico. I mean, they have a prospective on global markets of unusual nature. So we tend to see trends a little bit earlier than maybe some other institutions. And so we try to take advantage of that and act on those in an early fashion and become a leader and an early mover in those areas.

Q: A lot of things are coming through my mind now. You mentioned earlier that it wasn't until the late '80s or '90s that the foundation world generally began to take a more modern view of the endowment. Why did it take so long?

Boisi: Actually, I think it was more in the early '80s. Well, why did it take so long? I think that—

Q: When you were back at Goldman Sachs, what did you think about university endowments or philanthropic endowments generally administered out of house?



Boisi: To be honest with you, I didn't think a lot about them at that time. Because you have to understand, it wasn't until—you know, the merger movement created a lot of innovative change within the Wall Street community—some good and now, some might say, not so good. It was that opening of different services and products, which was generated by the strategic amalgamation of certain industries, first domestically and then starting to spread around the world. First it went to Japan, then it went into broader Europe, then to China and then the emerging markets and whatnot. It was initially because of that merger movement.

It was also a result of the institutionalization of pension funds and the amalgamation of capital and the rule changes that took place—the ERISA [Employee Retirement Income Security Act] changes that took place—which created more capital being invested in public companies. The public companies were growing larger and larger and larger. Then as the evolution of the investment banks—and we were part of it—and the merger business, we were part of the starting of the professionalization of the real estate markets. One of the other things that we did is we started to segment the markets geographically by service and then by industry sector. This is now within Wall Street. And so as you started to do that, you were creating sub-markets that investors could start to invest in on a specialized basis and identify growth opportunities within those specialized bases.

Simultaneously with that growth that was going on in the innovative side of Wall Street, you started to get the David Swensens of the world and the Ellen Shumans of the world identifying those opportunities. The universities were the first ones to really start to take advantage of that and mimic what was happening in the commercial world. They were the first movers in those

markets and so they grew in sophistication as those markets grew in breadth, depth and sophistication. There was a natural evolution toward that. The endowment and the foundation world started to spawn—it's almost like football coaches. I mean, you look at the David Swensen teams or individuals that he has trained and positioned around the country, from Yale to MIT to the New York Public Library system to Carnegie—you know, there are a lot of his acolytes starting to spread out. There were similar groups coming out of the Stanfords and the MITs, the Dukes. They've now started proliferating and because their performance started to catch the attention of other institutions, that's where you see the development in that. Now you have organizations like this that you're in now. We do this and we serve it for high net worth individuals and nonprofit organizations and outsourced for the smaller institutions who don't have the capital to fund a five-, eight-, ten-, twenty- person investment team that are some of the best investors in the world. It's an expensive thing to put together. Not every institution can do that.

Q: For many years most of Carnegie's endowment was administered by J.P. Morgan or a few others, et cetera. What were the advantages and disadvantages of having outside administrators or having your own internal staffing?

Boisi: That has shifted over the years to be honest with you. I mean, they still use some of those institutions. But the conflicts of interest have evolved tremendously because many of those institutions started to develop their own businesses, create their own product. So the difference is that an endowment like Carnegie, we want to invest with the best degree of manager that we can find.

And Goldman Sachs doesn't have all the good ideas. J.P. Morgan doesn't have all the good ideas. Morgan Stanley doesn't have all of the good ideas. So what we did is we wanted to go and find the individual who was a brilliant investor, had their personal capital at risk alongside of ours. The people who are running those shops are no longer private partnerships. They're public entities so they're capitalized by other people's money. The [laughs] scrupulousness with which one, as a private partner, would look at making an investment judgment is different. You know, it's just human nature. It shouldn't be. But it is human nature. And so that alignment of interest has gone away. As the products have proliferated at the institutional level, they're now compensated. The people who are running those businesses are compensated by attracting more assets, not by getting the highest return. We're interested in getting the highest return. So there is that natural conflict of interest and a natural lack of alignment of interests by working with those institutions.

Now, you can interact with those institutions because they've developed quantitative methodology, they've been leaders in risk management and things like that. So there are services that you can utilize. But in terms of the fundamental investment, you're really looking for young, hungry, brilliant investors who are aligned with you, who are building organizations that are compatible with your value system. And those are harder and harder to find.

Q: Would it be fair to say that with an internal staff or your own staff it's much easier to be specific in your investments in terms of what the organization itself wants, rather than a more generalized outside?

Boisi: Yes, well, you're building an asset allocation yourself.

Q: Yes, it's more specific to the needs of that particular organization.

Boisi: Well, it can be. It can be. I mean, there are different philosophies that people take toward that. I mean, we sort of look at it as our job is to build that capital base and let the programmatic side figure out how to use that capital. The more that we can grow that capital, the more they have to do good. Our job is to optimize the capital base that we have—first and foremost to protect that purchasing power and, secondly, to grow it as an intelligent, aggressive—in the good utilization of that word—by optimizing the capital.

Now, the world has become a much more complicated place. We are fundamentally fundamentalists in terms of trying to identify companies that are fundamentally strong, well-managed, growing and whatnot, and identifying a group of companies in a geography or sector or genre of investment that will provide asymmetrical, outsized returns—higher returns on the upside but protecting on the downside. So to identify managers who can identify those sorts of companies and combination of companies is really the task at hand. Yes, we can be more strategic and then tactical in that approach. As opposed to—we do not invest in indexes. We will therefore pay a higher price in fees than others might because we think we are finding people who can come up with a higher return. Now, on a net adjusted basis, after those fees, we're expecting them to outperform the indexes by a meaningful amount. By doing it that way, we have been able to establish a leadership position and grow this capital in the way that we have.

Most organizations and institutions have not protected their purchasing power and have not grown at nine and a half to ten percent. As a matter of fact, if you look at it—if you just invested on that sixty-forty basis that I talked about, there's almost a five hundred to seven hundred basis point differential between the performance of a sixty-forty indexed approach and the endowment approach of the leading endowments. That's a huge differential. If you can maintain that differential and keep your capital churning, that's where you get the growth of that \$187 million to several billion dollars for the use of society. So that's the goal.

Q: Do you have a general template in your mind about how to balance their portfolio? Is it done by certain percentages here and certain percentages there, et cetera?

Boisi: Yes. And that shifts. We have active discussions annually about that. That changes over time based on circumstances, based on macroeconomic issues, based on supply and demand assessments of either commodities or interest rates or whatever. That's why right now is a particularly tricky time. It's treacherous in the markets. You have slower growth here in the United States because of our imbalance, our deficits and whatnot. You have tremendous problems in Europe right now. You could see the dissolution of the European Union, which would create this disjointed, fairly dramatic disjointed response. Slowing down in Asia. There are macro issues that are impacting the markets in an exaggerated way.

As the markets have become more mechanized by the utilization of the computer, the volatility that has taken place has been dramatically increased. I think last year in the three hundred or so

trading days—I think the number is forty-seven of those trading days—on forty-seven of those trading days, ninety percent—ninety percent—of all of the stocks either went up or down in the same day. Forty-seven days. That's up from once a year five or seven years before that. If you were out of the stock market for five days last year—if you were not invested for five days—that was the difference between having a negative fifteen percent return and a positive three percent return. That is a huge cost. And nobody knows which of those five days are going to be the five days. But that shows you the volatility that has occurred.

Q: Well, that must have real consequences for Carnegie in terms of building up its internal staff, what you look for in the internal staff—the involvement of the knowledgeable trustees and the division of labor between the board and the staff.

Boisi: Correct.

Q: Wow.

Boisi: But it makes it interesting too. That's why we've been blessed with a great staff at the intellectual level, the investing level. But also, I really cherish my colleagues on the board because they bring great insight to it. That has evolved over the years. We tried to have a dynamic development of both of those groups, frankly, because as we see things changing in the market, you want to bring in people who have functional expertise in different areas. In the early stages, real estate was an area of focus. So as we were building up our real estate intellectual capability on the staff level, we wanted to have some people from the outside world be trustees

or advisers or whatnot, to the staff. We're moving more into an international focus now and particularly in the emerging markets. So we're identifying some people who have experience in those areas because we think that those are going to be areas of opportunity over the next few years. Having people who have been part of the development of those markets brings great insight to us and experience to that. So we're constantly talking among ourselves as to what intellectual capital do we want to bring to the table to inform us to make the best decisions and the best choices. We decided a year or so ago to go into Brazil so the team went down to Brazil. We looked at probably thirty-five or forty options to skinny it down to one or two before we make a final investment. We have a very rigorous analytical due diligence approach to our work.

Q: This would be between staff and trustees?

Boisi: Yes. Because the staff does the homework, makes the recommendations to the trustees. The trustees question them, help size the position that we would take and then vote on whether or not we accept it. Then periodically we'll have strategic discussions on asset allocation: where do we see the market's going, should we be making any adjustments in that asset allocation, challenging the team to go back and think it through, go through their analytics, come back to us with a recommendation. And then we will discuss it, make a decision and then move forward.

Q: Ever had the urge to micromanage?

Boisi: There's always an urge to micromanage. It's something that you really have to be careful of.

Q: It is, after all, your life. That's what you're doing—

Boisi: Right. I mean, you have the responsibility and you're not devoid of opinions on things. But you have to be disciplined in terms of recognizing what your role is versus what the management's role is. Unless people have told you otherwise, we've been balancing that reasonably well for the last twelve years. I think we have a healthy communication level, first with Ellen and the staff and now with Kim and Meredith with the staff. When you go through a transition like this, you want to give everybody a little bit more room to run and develop their own style. And so we're going through that right now. But that's a healthy thing.

And I think we've gone back to sort of a zero-based budgeting thing. After a ten-year period of time I think that's a healthy thing too. Because some of us have been part of those decisions and we're part of the new decisions. So you have to let the staff find its own sense of comfort—equilibrium—and establish their own changing style and perspective to allow them to do what they're doing. But I'd like to think we're a good check and balance. But if we saw something that we thought was off base, we're not shy in terms of challenging. But we also like to think that we're encouraging. And again, finding that right balance between those two is part of the art form.

Q: Do you find it easy or difficult to explain to your non-expert board members, partners, colleagues what the hell is happening?



Boisi: That's a good question. I feel very supported by them. You have to remember, these are people who are running their own institutions. When we're talking to presidents of boards, they have their own endowments. They're getting perspective from their folks. I'm sure they're sitting there going, well, how is our endowment doing compared to the Carnegie endowment? And vice versa. And so many of those folks, I'd say, with the exception of those who come out of the political or pure academic world, I'd say there's sort of a balance—sort of half and half—I think they're judging it by the confidence level of does this pass the common sense test? I think we've been around for a while, so we've established our credibility in terms of the performance and so they're more apt to take our word for it. Those who are living it themselves ask extremely perceptive questions. And we have good discussions. I will get calls and I will call them periodically, just to make sure that they're comfortable. We broadened the involvement of some of them when we were going through the search process.

[Interruption]

Q: I think we're probably coming up against a time restraint of some sort.

Boisi: Yes, I have a few more minutes. But I'm sorry, I was a little distracted.

Q: Do you find yourself acting like a mediator between the staff and the board?

Boisi: [Pauses] No.

Q: Do they call up and say what is this all about?

Boisi: No, we don't really. [Pause] There have been instances—very few, very few instances. But there have been a couple of instances over the last year or so where that occurred, particularly during the transition period. But by and large, that's not the case. I will say that I will get calls from members of the committee or whatnot. Because if I know that there's something—I don't want to use the word controversial because I don't think things get to that level. There have been one or two but not very many over a twelve-year period of time. If somebody's uncomfortable about something they will call me.

But part of the reason why I think I've had some longevity here is that I will try to ask the toughest questions. And people respect that. If there's some political reason why they would assume not to be the lead person, then I view that as part of my responsibility. But I sit down and go to lunch or communicate individually with the various board members to find out what's on their minds, to make sure that I will, at the meeting, encourage them to refer back to a conversation that we had and say, I know this is on your mind, why don't you bring it up? Or if it's something that they don't want to do, I will do. But the other thing I would say is that the staff—and particularly with Kim and Meredith now—they're spending more time with the individual trustees who are on the committee to get their perspective. And we've had a little bit of an evolution of that over time.

Q: Of course, when things were good, they were very, very good. When things were bad, what happened?

Boisi: You know, when things were bad, we—

Q: '08 and '09.

Boisi: Yes, '08 and '09 and it started in the latter half of '07. You know, that was a very trying period. So we responded as quickly as possible. We took corrective action. We regained over a fifteen-month period of time that which we had lost. But that was sort of an unusual circumstance and we weren't alone. We performed better during the down period than most. But their communication was very important—keeping people abreast of what was going on and what we were doing and what corrective action that we were taking to protect our liquidity, protect our position. But those are the times of opportunity as well. We were fortunate enough to take advantage of some of that opportunity in terms of buying into distressed debt markets and real estate markets and whatnot, which we had benefited from.

Q: I was going to ask. Because obviously, that's a time when panic could set in: sell everything.

Boisi: Well, this is the advantage of having a professional staff and a professional committee. I mean, we've been around a long time. We've been in the business for forty years and particularly in the investment banking world. Volatility was a natural course of life for us: your ability to absorb bad news, recognizing that the sun will come up tomorrow, the world is not coming to an end. If you keep your wits about you, this is an opportunity to buy cheap. If you can figure out where to buy cheap and if you have built enough liquidity in order to take advantage of that, you

will come out of it faster than most people, which is what happened with us. In an odd way, I will say what happened in 2007 and 2008 in particular—I've been in business for forty years and I've gone through very difficult periods of time in the market. It was the first time that I ever felt fearful for the system.

This is not the time to do it but there were mistakes made that could have been avoided. There were decisions that were made, which were positive decisions but not particularly well thought out. But when you're in a time of crisis I give benefit of the doubt to the people who are in the seat doing the best they can. We have responsibility to react to their reaction to what's going on. Sometimes they and the government made it very difficult to do that. But I think we handled that well. If you looked at—which we were, simultaneously, looking—for the history of what the dynamics of the markets are coming out of a difficult period of time, the thing I did not want to have us do—and the team didn't want us to do—is to miss the upturn. If you get out completely because you've panicked, you will miss that upturn. You will have lost purchasing power for decades. And we did not want to be in that position so we rebounded and got back to where we were within a relatively short period of time. Now is a particularly tricky time because you have these macro-investments so it's a slower growth period. The options that you have in order to access growth to keep to the level of purchasing power or beyond that is a tougher challenge now almost than it was in the 2009, 2010, 2011 period.

Q: Do you think that that challenge will result in the hiring of outside expertise? Rather than building it internally?

Boisi: For us?

Q: Yes, for Carnegie. Because some of the instruments are so complicated that to bring someone on staff would be enormously expensive.

Boisi: But if we can't understand it or explain it to ourselves, we won't do it. Which is an easy—

Q: A good maxim?

Boisi: So now we will, on the risk management side, for instance—in particular, I think that's an area that we've been wanting to build up. Coming from the world of the markets—where I came from—I would say a difference between those who were trained coming out of the endowment/university world versus those who come out of the markets world is, I think, in a way we're almost more respectful of the dynamics of the market and the market indicating things to you. Therefore, you can't ignore the momentum of a market. As opposed to, I think, a more academic approach was: we know best and we're going to do this and we're going to stick it out. I think those in the endowment community have shifted a bit in terms of accepting a little bit more humility as to the markets teaching you things. They're learning from the markets. There are tools out there. This is where we probably would use the institutional world a little bit more in terms of some of the techniques that they use quantitatively, which would be too expensive for us to build up ourselves. So you would buy some of those in order to get access to inform your decisions. Or if we were going to do a hedging strategy where you need constant oversight over

that, we might secure that on an outsource basis rather than to bring it in-house. So we are. And would do that.

Q: We've more or less reached the time of the cut off. But I can come back again and arrange to make another appointment.

Boisi: Sure.

Q: Thank you very much.

[END OF SESSION]

3PM

Session #2

Interviewee: Geoffrey T. Boisi

Location: New York, NY

Interviewer: Ron J. Grele

Date: July 18, 2012

Boisi: Good morning. How are you?

Q: Terrific.

We left off talking about the endowment. In looking over my notes, I didn't see anything that we didn't cover except for one small question and that concerns restrictions on the endowment. I know that the Carnegie Corporation does not invest in tobacco companies. Weren't there other pressures on the endowment about where to invest or how to invest?

Boisi: We haven't had too many situations where—we wouldn't, obviously, invest in pornographic activities or sin-oriented kinds of activities. We tend to also be really very sensitive to reputational issues. So anything—any strategy, any political issue—we have that in our minds. I will say that, as a board, I can only think of—I'm actually trying to remember the situation and it's not immediately coming to mind. It's been rare that we've had situations where we just said no from a moral standpoint because things get presented to us from the staff and so they don't work on things that they think would not pass muster with the board. But we've had conversations over the years on things that we questioned, reputationally, how this would go down. Perfectly honestly, we get into issues on compensation and things like that, as we'll be always extremely conservative on some of those because we know as a leader, we will be

highlighted in terms of our positioning on something that has become politically sensitive and will always err on the conservative side in order not to attract attention. So on the investment piece itself, we'd like to think of ourselves as socially responsible investors but not in such a prescriptive way where there are rules as to what we do. It's more of a judgment call, I would say.

Q: I know that Susan [F.] Berresford at Ford Foundation and Anthony [D.] Romero at the ACLU [American Civil Liberties Union] worked up a statement on grantees and terrorism and that Carnegie more or less subscribes to that. But did that have any repercussions in terms of investments?

Boisi: Well, for instance, right now we will be having a conversation about certain programmatic initiatives that we have had—school reform and that sort of thing. Because we have a venture capital allocation within our asset allocation model, I'm going to be raising with the board as to whether—particularly as technology becomes more and more important in areas that impact our programmatic interests—if we're going to take a small allocation to something new in a venture area, might we be wise to do it in the areas that we're programmatically interested in. So that's an area.

I mean, clearly, there have been discussions on the political front, particularly as the Middle East has erupted and whatnot, where we've made some decisions not to invest in certain countries at a particular time because there's a particular regime involved there. But as these have started to open up, these are frontier markets that could be of interest. But we have to watch carefully who



it is that's emerging as leadership before we would invest in an area like that. So we take those things into consideration. Again, we're an extremely conservative organization and, from a reputational standpoint, very sensitive to that. So they're either very short conversations because everybody knows, or they're at the staff level—the staff talking to me or me talking to Vartan. If an opportunity comes up we'll have a discussion like that and we'll either cut it off in the early stages or have a real robust conversation about it and make a judgment on it.

Q: I would gather that it's quite different from private investors where the concern is really more bottom line rather than—

Boisi: Well, probably with some of the commercial organizations out there. But I was at Goldman Sachs for many years and when we were private partnership, I can tell you, we were latecomers to investing in Russia and some of communist countries. There was a rigorous debate about how we wanted to deal with China in the early days. We definitely didn't do gambling companies, we didn't do public offerings like that. I actually think the general population, at least years ago, would have been surprised at the amount of discussion on those sorts of issues that takes place. I'd like to think that that still happens. My guess is it's because the general society is more open. I personally know that we spend time talking about that in any of the organizations that I'm involved in, including the one we're sitting in right now. There are societal judgments that we will make and say we would just assume not invest in an area like that. We're spending a fair amount of time on socially responsible investing issues right now. There's a much greater move in that direction, generally, in the investment world—double impact, bottom line impact investing. Hence, that's one of the things that I think we'll be discussing more actively because

it's part of our natural modus operandi and our mission at a place like Carnegie. But I can tell you, in the commercial world that is coming into play more.

Q: That's interesting. Well, that was the one thing in my notes that we did not get to. Did you think about anything over last week what we didn't talk about?

Boisi: I would like, on the record, to say something about the professionalism with which the leadership of the Carnegie foundation took the development of an investment capability over the last fifteen years, initiated by some of my forbearers, in terms of the head of the investment committee. Ellen Shuman and then now her successors—I'd like to think I've been an important part of it but—established a team of professionals, certainly to the standard of the programmatic professionals that Carnegie has availed themselves of over the years, and, as a result of that, has established itself and the reputation of Carnegie as a leader on the investment side of endowment investing. And we're proud of that. The record is a strong leadership record. And we think it's been thoughtfully and prudently developed. We've gone through several cycles of people within the organization. I want to formally acknowledge it as a trustee, for this history, part of the history of Carnegie. I think it's something that the institution is and should be very proud of.

Q: As you say this, it just came to my mind that when we did the earlier projects on Carnegie there was hardly a discussion at all about endowments. It has become an important item of discussion in the history of Carnegie.

Boisi: Well, it's an important driver because it drives the availability of the organization to make philanthropic investments. To think now that we're at a point in time where, on an annual basis, we are actually making investments in grants similar in size to the original corpus of the institution. Over one hundred years I think it's a great accomplishment and hopefully we'll be able to continue to grow it in order to serve the mission of Andrew Carnegie, which we all aspire to live up to.

Q: But also speaks to the passivity of the past.

Boisi: It does to a certain extent. It wasn't viewed as a discipline and it wasn't viewed as a function that one took as seriously from a positive excellent offensive tool for the betterment of mankind. And now, thankfully, it is.

Q: That's interesting.

Moving on to the program, when you first came on, you were asked to serve on the subcommittee on education?

Boisi: I was.

Q: So I wonder if we can talk about the education program for a while. In the last session you mentioned a number of times about educational reform. Now, you had some ideas about educational reform before you came to Carnegie. How did they correspond with what was

presented to you as the Carnegie program at that point in time? How did that work out your own views and the Carnegie program?

Boisi: Well, that's an interesting question. My own experience through—I happen to be chairman of the Boston College board of trustees and the Wharton Graduate School board of trustees, on a couple of boards for secondary schools. And so I saw—and through my mentoring organization—K [kindergarten] through college, the whole experience from my vantage point. One of the things I was trying to bring to the table just as a citizen was the notion of excellence in the governance of institutions like that and a more professional approach to governance and management and management skills, tools, accountability, transparency, a sense of checks and balances. Because having grown up in the business context and observing the best organizations in a business context, it all started with the quality of the people—how the people were chosen, motivated, evaluated, compensated. There was a formalized strategic planning vision aspect to it. As you developed a more robust and refined governance system, those organizations that did that sort of thing the best ended up performing the best. Taking those experiences to not only education reform but nonprofits in general was one of the reasons why I was so excited about getting involved with Carnegie. Talking to Vartan, I think he certainly evidenced to me an understanding and a desire to implement that in the nonprofit world and particularly in the school reform requirements. That was one aspect of it.

The second aspect of it—and I think that we've made a fair amount of progress in that area, not as far as I think we need to go because—well, we can get into that later. I would also say that from my perspective and observation—and this comes from the involvement that I had in the

starting up of MENTOR and working more with children and talking to children in a more analytical way and listening to their needs and their perception of how adults were dealing with them and the reasons why they were dropping out of school, why they were motivated to get an education. I felt like there has been a disconnect between what the kids are saying and feeling and what they respond to positively and the school reform movement. In the sense that the school reform movement, particularly in the early days, was very curriculum oriented, very focused on teachers, very focused on principals and not as much on the student-centered part of it. I don't think that we have made as much progress in that as we need to to connect what really excites the passion and internal motivation of our student body to what I think has been very thoughtful, analytical “school reform.”

I don't feel like, on the governance side, we have gone quite far enough—and this gets into the whole interaction with the unions and the adults taking on the real responsibility of changing and reforming this bulwark of our democracy. I don't think we've been bold enough in that regard. I don't think the nonprofit institutions have—to be perfectly honest—and we're dealing with this in the presidential election that we're going through right now, is how much is government, how much is individual freedom, how much is individual entrepreneurship going to play in this. There has to be a balance to it but I think it has to be more guided by—I think if we're going to really succeed, the individual and the parents as well as the professionals are going to have to be more innovative in terms of their approach. Hence, the comment I made before about technology.

But the missing link, in my opinion—one of the missing links—is not enough attention, focus and money has been applied to the linkage with the kids and unlocking their motivational needs

and dealing with some of the peripheral issues that are impacting their life, inhibiting them from being able to concentrate on school. I think there's been improvement in that but I think we still have a fair ways to go.

Q: In looking at the Carnegie program—it's incredibly complicated in terms of where the resources have reported and the kinds of agencies and the particular theories. But when you talk about finding out about the students—what it is that the students want—it strikes me that generally our discourse on that has been of two strands. One is that we will find out about the students through the taking of tests. And the other is a more sociological approach that we will know about students by understanding them in terms of where their families come from and poverty, the schools, et cetera. There seems to be these two kinds of discourses that somehow, in my mind, never quite meet.

Boisi: That's correct. You've probably articulated better than I just did in my discussion. No, I agree with that. I think that the first, I would describe as a little bit more academic orientation. The other part of it is a more holistic approach to the issue. I don't think the country—and the nonprofit and the foundation and endowment leadership—has quite connected those two and I think they're vitally important to be connected. I don't think we've acknowledged it until recently. I don't think that we thought it through in terms of how we want to invest in it in order to foster those interactions in a better way. Given the financial crisis that we have experienced over the last five years, it's somewhat of an inhibitor to that. But I think if we're really going to make progress long-term in this next period—if we don't do that we will continue to be mired in this middling performance, which I think is a national embarrassment.

For those of us who have been actively involved in this—and I say this, again, beyond Carnegie because I think Carnegie has done some wonderful, wonderful, wonderful things over the years. But for people, individuals, who have spent a lot of time on this and frankly, a lot of their personal capital on this, we are not getting the return on investment that anybody thought we should have by this time, given the past twenty-five years of effort. I think we've learned a lot but we haven't really brought all the pieces together and made some of the hard decisions.

I think that that's also a part of the political discourse that is taking place and will take place over the next few years. You have a country—here in the United States—that's sort of bifurcated in that area and until we get leadership that gets people working together again I think we're going to continue to just muddle along. I don't think that as a national competitive issue we can really afford to do that for much longer. You cannot continue to lose a million and a quarter kids to dropping out of school each year and not have a crack in the foundation of your society. And we've been doing that now for several generations. It's just like in investing—you compound that. Compounding shows bigger and bigger cracks in the foundation of your society and it just cannot go on. The country has to make the decision and the leaders of the country have to decide and understand what's actually happening and force this melding of both the academic and the sociological approach.

Q: There were three main, three very large Carnegie programs in education. Schools for a New Society, New Century High Schools and Teachers for a New Era. Were those presented to you as discrete elements or was there a unity to them?

Boisi: I think it was part of a gestalt of: here are the different initiatives that we think that we can contribute to that are all essential to education reform. We want to bring together those institutions that know the most about that—in certain instances driven through and led by the governors of the country because they're the ones who really, in the public school sector—and I would say also clearly that Carnegie has been very focused on the public school sector and then getting into the charter movement. As we mentioned in an earlier segment, I think that faith-based organizations are an important piece of this and there should be some melding there as well. But it's been primarily the focus of the public school systems. I think, in the Carnegie sense, what they viewed as a holistic part, I viewed as more holistic on the academic side of it and not spending as much time, effort and money as I think we need to on the sociological part of it in order to really engage. I know that some people don't like this, but if you think of the students as your customer base—

Q: We don't like that [laughs].

Boisi: I know that you don't but for those of us who come from the business world it's sort of the one way to look at it because they're the individuals who we're focused on. They're the reason for having an educational system. So if you don't understand where they're coming from and what's impacting them and what motivates them to accept these great ideas that we might have and great theories that we might have—if you're not engaging them in a way and communicating with them in a way that they can accept the ideas, you're fighting a losing battle. You can't force



the kids to do something. We should have learned by now that when you inspire people they do great things. Well, how do you get kids inspired?

Q: It's very subjective.

Boisi: Right. But I don't think that we've focused enough attention on that. That's why those of us who came from the mentoring side—and mentoring is sort of a new concept. I mean, over the last twenty-five years, when I started in it, mentor was not a word that people used. I feel like we've been part of the development of a movement on that side partially because when it started out there were no organized organizations doing it, there wasn't empirical analysis done. Well, we've developed a certain level of that but it's an area that has not been invested in enough. And because it hasn't been invested in enough there's a chicken and the egg issue as it relates to the acceptability of external capital being applied to it.

Until you have the academic acceptance of the empirical evidence—where if every individual, every leader, sat down and thought about their own life, their own success—they know that there are certain individuals in their life, without which they didn't get advice, guidance, mentoring, inspiration, they would not have achieved their position in life. But doing that in a more formal way, in a more professional way, which is what mentors attempted to do—and I don't mean to concentrate on this—but it sort of gets at the heart of what we're talking about. Because what mentoring is is trying to unlock the passion of a kid and connecting it with the reason why they're going to school: to get an education in order to get a job, in order to become economically self-sufficient, in order to become a constructive member of society. There are natural links to all

of those things. The education reform movement has been more on getting the curriculum right, making sure we've got good teachers, making sure we've got good principals and the architecture of that piece.

Q: One of the ways Carnegie put a lot of money into developing this was the small school movement, moving towards a small school. And part of that involved a cooperation or coalition—whatever one wants to call it—with Bill [& Melinda] Gates [Foundation]. How did that work out? How did the board evaluate that whole thrust?

Boisi: Well, I think—forget about Gates for a second because I think Gates approached it a little bit—

Q: Well, if you change, yes.

Boisi: —I have the answer and here's how you do it. Because he had the money, people were initially marching to that tune. Forgetting about Gates for a second, more in general, I think there clearly is a perception—and this gets back to my first point about the governance model and having parents involved because they're the ones who have the most responsibility in one sense—and the interaction and collaboration of parent choice with creating checks and balances on the educational side of the system, I think we thought, philosophically, that was a good thing. There are good charter schools and there are not so good charter schools. Those that have really scrupulously governed themselves and adhere to excellence, identified the great teachers, identified the great principals, identified this connectivity with the sociological piece to it—those

are the schools that have thrived. One would argue that's one of the reasons why some of the parochial school systems over the years have done so well—because they were able to combine those things. They were able to figure out how to do it in the early part of the century on an economic model that worked. Unfortunately, we've had fits and starts out in the public school area and we've just thrown a huge amount of money at it and wasted a huge amount of money. But I think from the Carnegie perspective, I think, philosophically, we've bought into that and want to encourage that. And I think you've seen that's where a lot of our investment has gone.

Q: A lot of the grants strike me as kind of esoteric. How involved was the—

Boisi: The board? I would say the board—

Q: —especially in areas where it's a very complicated kind of mix of testing and behavioral science and—

Boisi: Well, I think, again, bringing a little bit of a business accountability approach to it and saying, okay, what are the real results? What are the benchmarks? How are you going to measure these results so it's not so touchy-feely? We recognize that, in the early years in particular, this is a little bit more venture capital oriented and it was based on different theories of education.

Within the Carnegie world a lot of the drive was coming from the governors who were represented on the board because they had the political responsibility for their states. They saw the benefit of charter schools even though they were responsible for the public school system and they wanted to use that as beta tests to see which of these theories made the most sense. They

clearly came down on the side of smaller class size, smaller units, a little bit more focused attention.

Teacher training—if you had an incompetent teacher, you weren't going to get anywhere. The way that you needed to ferret out the incompetent teachers was to have a competent principal. So they were applying what I would call more natural business principles to our efforts. Embedded in that was, okay, let's try to judge ourselves based on certain outcomes. I think as a country, we've sort of meandered a little bit. You know, we've focused on test scores. We haven't quite figured that all out yet and there have been fits and starts to it—but moving in the direction of a strategic plan, accountability. But where we, as a country, didn't face up to it was the impact and influence of the unions. And it's only been recently—even at the Carnegie, with all due respect to my colleagues at Carnegie—did we even talk about the unions?

Q: Really?

Boisi: Yes. For those of us from the business world and those of us who have been personally contributing for a long time—huge frustration, huge frustration.

Q: In what sense?

Boisi: Well, because we know that that's been part of the problem and part of it inhibiting it. We know that when you come from a culture of evaluation—360 degree problem-solving—holding people accountable for results, really going through a rigorous analysis of performance, agreeing

with your colleagues as to benchmarks that make sense. Well, teacher unions, for a long time, wanted no part of evaluation. When you have a tenure system structured the way that we have tenure systems structured it creates economic burdens and operational burdens on the management of the school. That creates the havoc that we have now. There hasn't been enough movement in changing and breaking through those bureaucracies. And we've let the bureaucracies bloat to the point where it was taking us down systemically. So you had to create alternative measures to create competition for those. That's what's happened over the years and it's taken us twenty-five years to get there but you're now starting to have that conversation and we were part of that. I view part of the reform movement as creating competition and that's what made this country great.

Q: There's a kind of correspondence between a lot of the Carnegie program and what Mayor Bloomberg and [Joel] Klein were attempting to do, almost symbolized by Michele Cahill.

Boisi: Correct.

Q: So there is this kind of—

Boisi: Symbiotic—

Q: —closeness.

Boisi: —relation, right.

Q: You see some kind of relationship. We can look at one and say well, that's the programmatic side. Would that be a fair way of looking at it?

Boisi: Yes. Michele has been a crucial part of it but Vartan has also been a real driver of this. I think that because the New York public school system is the largest school system, that if you can make the changes within that civil system and prove it to work, that's a great model for the rest of the country to look at. But I think that Carnegie looked at it even more broadly than that and that's why we had some of the programs we had where we identified different cities in different states around the country, different universities. Because we also saw the linkage between the educating of principals and the teachers coming out of the schools of education. The schools of education had to be more integrated into the overall capability of the university. So we were reforming the way that the schools of education were interacting with the arts and sciences and the business schools and whatnot. There had to be a real university commitment to this new movement. I take great pride or allied pride with our colleagues from Carnegie in terms of seeing these linkages. Through the grantmaking capability that we had and the convening power that we had to create greater pools of capital to be aligned, it forced some real beta testing of these new ideas. I think that that's been helpful. We haven't quite seen the net results of it yet but in the idiosyncratic situations that we've been observing we see real progress.

Q: You alluded to the importance of public policy. Generally, there were two public policies.

One was—

Boisi: No Child Left Behind [Act of 2001].

Q: No Child Left Behind. The other is the Race—

Boisi: Race to the Top.

Q: Did the program change vis-à-vis either one of those? Or what were the problems connected with one over the other?

Boisi: Yes, I think people—

Q: Because they certainly affect what happens locally. If you do certain kinds of things money will follow.

Boisi: Yes. I think in both instances they both were good ideas. They were getting at certain aspects of the issue but then they become politicized. The more politicized they become the less effective they all become. We're thrust in the position of constantly balancing that. And because the problem and the issue is a systemic issue—it is so huge—there's a public, private and nonprofit collaboration required. We've never, in my opinion, in the country been able to get all three pieces of the participants working collaboratively together. One of the things that has excited me about the Carnegie involvement is that, of most of the institutions out there, we've done a better job of integrating those three or four constituencies. Therefore, I think we've made some progress there. But we haven't been able to do that as a nation and that's been a frustration.

Q: Why do you think Carnegie was able to do that?

Boisi: I think because of the respect of Vartan. I think because we have been a long, long, long time cornerstone player. We're not a fly-by-night. We've been in it from the beginning. We've strategically been committed to it. The natural outgrowth of our library's involvement over the years and the importance of education—it's rooted in our history and therefore, I think we're respected. But the fact that we've been able to mobilize the attention and the respect of the leaders because of the quality of our thinking, our strategic investments and the notion that we talked about last time of Vartan's ability, personal ability, to convene leaders from different walks of life—there's no question about it, I think we're a leader in the area. But even saying that—it's such a big issue and it's so pervasive throughout the country, you need even larger groups of people to come together.

Q: It almost makes for a certain kind of modesty.

Boisi: Modesty.

Q: Modesty.

Boisi: Yes.

Q: It's such an enormous problem that you're going to—



Boisi: Yes, but it's an essential one where, again, the reason why we focused on the governors is because they're really the ones, operationally from a political standpoint, who can make it work. You can have debates as to how much presidential leadership or—the Department of Education, if they had functioned effectively, they should have been able to pull it together. They haven't because it became politicized. The governors—because that's where the buck stops, in a way—is the reason why we focus so heavily on them. But the business community, in a broader way, has to be involved and the business community has tried to mobilize there.

But I've felt, in general, when I look at the nonprofit sector—which is so important—that if you can get a strategic agreement among government leadership, business leadership and that nonprofit leadership, with the educational leadership, and come to semi-agreement on a strategy, then you get the philanthropic community to buy into that and they create the discipline—because the old adage of he who has the gold can rule a little bit, saying we're not going to contribute unless you do this, this, this and this. A sense of optimism I have is over the last five to seven years I've seen more of that coming together. And I think organizations like Carnegie can help bring those groups together. The more that we do that, the more progress I think you'll end up making.

Q: Do you have any sense of what the program might look like in the future? In ten years?

Boisi: At our last board meeting we had a discussion in terms of bringing some outsiders in to take a hard look at where we are as a country. Again, some of us have become extremely

impatient and I just think it's unacceptable and embarrassing that the United States is seventeenth in the world. That's just not who we are—where we should be—and we should be ashamed of ourselves. So I think we have to have some hard conversations internally as to how do we build off of—let's face facts. What has worked? What hasn't worked? Who is it that we have to have in the partnership with us? And do whatever bold things necessary. So I think we still have to have a heart to heart talk among ourselves to see what that next step and generation is. Because I think we've learned a lot but we haven't pulled it all together yet. I would love to see the next period for the institution doing that. We've been so focused on trying to execute well those commitments that we've made and use the capital that we've invested and get what we wanted out of that. We're sort of coming to the end of some of those longer term investments. I think we need to sort of step back, take that heart to heart look, be really self-critical—not only with ourselves but with the country on this. I mean, Michele and Vartan, I'm sure they have a more comfortable vision of it. See, we have a new board that has evolved over the last couple of years. As a new board—I'm one of the oldest members of the board now—so I think we need to have a reset conversation with the new group in order to make sure that we're all in sync.

Q: Now that you mention—this is off the topic a bit—a lot in that new group are university presidents.

Boisi: They are.

Q: It'd be interesting to see how that conversation is skewed by that fact. Whether there will be more discussion of higher education. But who knows what will happen.

Boisi: Well, you have scientists, you have the head of Discovery Channel. Vartan is just remarkable in terms of the quality of the people that he's able to attract to the group. There's a small group of business people, mostly out of the academic community, the political community. I think we probably need one or two more. Secretary Riley has just stepped off for a period of time and Tom Kean is off for a period of time. Having the governors is an important piece to that conversation. But the good news is once you're part of the Carnegie family, you're sort of always—whether you're on the board or not on the board. So we tend to bring the people into the conversation that we think are helpful to the conversation. And that's one of the great things about the organization. But I think it's probably coming time for that. I think it will be also a little bit reflective of where the country is on the subject. I think the country is going to have to have a more active debate about that.

Q: One of the other subcommittees that you joined early on was the International Peace and Security Program. Was it outside of your interests?

Boisi: No, it wasn't outside my interests. It's just, originally—I think I mentioned before I've been on now for twelve years. I went through sort of my third term of this. So I've been on different programmatic committees. I found that it's always been an area of interest to me and, having run global businesses and whatnot, have firsthand appreciation of dealing with government leaders and I've always been interested in the security issues.

I will say that for my own personal education, it is like adult education. To be able to sit there and listen to Sam Nunn talk about nuclear proliferation or Tom Pickering talk about what's going on in the Middle East or some of the newspeople that we've had on and their perspective on different parts of the country or different parts of the world. I can make some contributions periodically from a functional standpoint because, coming out of the investment banking world and the merger acquisition world, my life was in negotiations. So different stylistic things we did, different tactical things that we did, defending companies—or it's a more civilized way of dealing with war actually. But there are a lot of similarities to it so you can, from a functional standpoint, make contributions to the conversation or ask questions that are relevant to it. It just happens to be—not a business context but—it is either a tactical negotiating position or a strategic position. But you're now dealing with countries and issues like that. So I certainly wasn't uncomfortable or shy about participating in those things.

[Laughter]

Q: When you first joined—and that would be in 2001?

Boisi: 2000.

Q: 2000, 2001. Was there still a residue of the old David [A.] Hamburg programs winding down in international security, international negotiations, arms control?

Boisi: Yes. I mean, we've certainly had an evolution. The commitment to Africa we've increased. There was certainly more in the whole nuclear proliferation: the importance of Russia, the importance of failed States. We have evolved the whole notion of cyber security, of chemical warfare. I mean, over the period of time that I've been on the board, we went through September 11 [2001], we went through the whole terror—having some of the military people that we've had on the board inform the discussion. To be perfectly honest, and most people don't realize this, but again, when I was head of investment banking at Goldman Sachs, we talked about Islamic fundamentalism years and years and years before.

Q: In what context?

Boisi: I brought in the head of the CIA [Central Intelligence Agency], people from Oxford [University] focusing on the Middle East, back in the early '80s, identifying that this was going to be a huge problem. So from an investment standpoint—

Q: From a risk.

Boisi: —and risk standpoint, as we were globalizing as a commercial organization, we were well ahead of the political discourse on a lot of these subjects. So we would try to bring that perspective to some of these discussions. Government, in a lot of ways, is very reactive in the way that it is all set up. This is another issue—I happened to have breakfast with Governor [W. Mitt] Romney the other morning and I was saying to him that even if he won, the reformation issues that have to take place in the different cornerstone areas of the bureaucracies of our world

would last beyond any one or two terms anybody's going to have. So the failing of the last number of administrations, in my opinion, is not recognizing that our problems are so deep and are so integrated that there should be processes that are set up that cut down the bipartisanship. And you can do that by longer term strategic planning. The Bowles-Simpson kind of structure is a good structure but probably should be even expanded to include more than the political genre of thinkers and do that in a number of the sub-segments where reform really takes place and institutionalize those over a longer period of time. That could break down some of the cynicism and the politicization that's taking place.

Those are the kinds of conversations that we've had at our board meetings to see whether or not we can foster our political leadership to think of different ways, from a process standpoint, to try to minimize some of the polarization that is taking place.

Q: That discussion certainly has changed over that period, that's for sure. Going from arms control to all the questions about terrorism and our present concerns. It's been a—

Boisi: A radical change.

Q: —profound change. But there is a way in which it's always linked to governmental policy in a way.

Boisi: Yes, and influencing the decision-makers—

Q: Strategy.

Boisi: —and the strategy there. Again, the conversations that we have at the board level are about how can we not only come up with substantive, practical suggestions but what is the process to help actually get policy changes? Who are the people and what are the strategies? Some of those strategies are communication strategies. Some of those strategies are education strategies in the sense of using the convening power of the institution and inviting the right leaders together. I mean, Vartan's done that with Supreme Court justices and the judicial world. We're doing that in our 100th anniversary thing in the Hague, as an example. But these discussions are about how one influences change in a positive direction in a very practical way and not just by doing studies.

The evolution I see in terms of Carnegie—and this is somewhat unfair because if you look over the history of Carnegie and the organizations that have evolved from ideas that developed from Carnegie, and initial grants from Carnegie, they are many and varied. We wanted to be true to that history of not only identifying a critical issue but identifying who are the right people who can come up with the right policies. How do you engage other partners because we're not big enough to finance any of those things alone or influence the decision? And figuring out strategically and tactically how to do that. And we always go back to that. With Vartan himself and the kinds of people that he's been able to bring on the board—there's a respect factor there that allows that convening power to take place.

Q: But when you talk about Gregorian and the kind of people he brings on board, it's decidedly different from the people Hamburg associated with. [President James] Jimmy [E.] Carter and Hillary [Rodham] Clinton—Hamburg operated at that level of politics. Gregorian is a much different character. In some sense he has wider contacts but not as politically connected.

Boisi: Well, I personally think that that's probably a good thing because this is a divided world and you have to be able to have the respect of both sides of the aisle. I think being a centrist—and the way I look at it, to be honest with you, if I had sense that this was going to be totally left or totally right as—I believe in 360-degree problem-solving. My interest is spending my time on solving problems and the political aspect of that is a reality that one takes into consideration. It shouldn't be the driving force of it. Any of the organizations that I've got involved in, I've attempted to apply that. I'm sure there are many conservative organizations that look at Carnegie as more left-center. In some days, in some conversations, I feel a little bit lonely. But—

Q: We'll get to that [laughs].

Boisi: By and large, I feel quite comfortable with the balance of the conversations about it and the respect that people have for all sorts of opinions.

Q: It strikes me that in the international development side Gregorian has always attempted to bring in other foundations, cooperative, et cetera. But that it's especially true in the international development, when it's necessary to do so. I don't know if you've ever looked at this carefully—it's a report from Carnegie on the Partnership for Higher Education in Africa. It's an evaluation.



It's remarkable in the sense that it's so trenchant and so public and so willing to admit all of the problems and all the failures. I found it a quite remarkable document for a foundation to turn out in evaluation. But it gets to the cooperation with other foundations and many of the problems connected to that kind of cooperation, such as a cooperation among presidents but not staff, different forms of governance, the different ways in which foundations operate.

Boisi: Look, I like to think that you can't solve a problem unless you acknowledge the facts. And I would say, as an organization, through the Gregorian years, he has, in a remarkable fashion—I think he had that view himself. I think he's felt supported by the board in doing that. I mean, we're not here just to sugarcoat things. We're here to solve problems. The [Raymond] Ray [W.] Smiths of the world and the Vincent [A.] Mais of the world—I mean, you have people represented on a board who, by and large, have had responsibility for running international global businesses with responsibility for thousands and thousands of people. When you have those sorts of responsibilities you know to solve the problem that you have and to face the facts. So there's a lot of conversation about 'let's be realistic about this and let's not be shy about it and take it on.' Say what the truth is and then go at it. That's one of the things that I find so attractive about the place. They're not constantly trying to just gild the lily to make themselves look good. They really want to get something done.

This is an area of the world where most people have written it off and we've embraced it. As I'd mentioned before, even from an investment standpoint it's actually one of the more interesting areas. But it has huge, huge embedded problems. If there was ever a place, a continent around the world, where you had to be realistic about it in order to attract additional capital—the

greatest way to excite people about something is by acknowledging that you understand the reality of the situation. Here are the problems, here's the opportunity, here's what's required. Here's what we're doing. Our skin is in the game. We'd like you to bring skin in the game. By bringing people who have historically had a commitment to the place and people started working together, then you had half a shot at bringing in new players. And I think that's just a reality of progress.

Q: Well, what struck me about it is yes, indeed, foundations do this all the time, internally. But this is an external report. This is telling the world: we had a ten-year program, these are the problems we faced and this is where we failed and we didn't do this right and we have this, that and the other. It's incredible. I thought it was just a remarkable kind of a document for a foundation to hand out.

Boisi: I personally think that's what leaders do. Because it's not only focused on this but it's educating the philanthropic world. Here's how we see it. People are usually complimentary of us. We make mistakes and we try to learn from them. You should do the same thing.

Q: Did he, from time to time, tell you all some of the problems that they're having with other foundations?

Boisi: Yes, that's inside baseball, basically. But Vartan is very—I mean, you've got to know him over the years. He has such an engaging, brilliant way of informing you—sometimes through allegory, through parable, through personal stories of his life—to educate you or to send you a

message in an elegant way to demonstrate an issue that he's dealing with. He's brilliant in that area but you've got to listen.

Q: Did the Democracy [and Civic Integration] program present particular problems to you? I looked up your contributions, your political contributions and you are a contributor to the Republican Party and to Mitt Romney. I assume that means a certain kind of attitude toward many of the issues that come—

Boisi: I mean, I actually have always been a registered independent. And I have voted on both sides of the aisle throughout the years that I've been able to vote. More recently, I've been much more inclined to the Republican and, to a certain extent, the conservative side just because I think, from a policy standpoint, and from—well, we can get into—there are a lot of reasons for that. But I have voted on both sides of the aisle. I'd like to think that I vote for the person that I think is the best person to lead and solve the problems at hand. And having said that, I like to think of myself as actually more of a centrist on social issues—left of center—and on fiscal issues—

[Interruption]

Q: Well, let me just see—

Boisi: You were asking about the democracy program.

Q: There's no reason to assume that because you generally are supporting Republicans that you would agree with what the standard partisan debates might be. But in the Democracy program—for instance, on immigrant rights—the kinds of things that are funded, the kinds of programs that are explored, et cetera, are not the kinds of programs that would be, say, the Republican position in Arizona. If there is a kind of cultural divide, Carnegie stands on the left of that cultural divide.

Boisi: Right. And some of those things we'll have an active discussion about. I'm not the only person with the proclivity that I have.

Q: Oh, no, no.

Boisi: But I would say we try to keep it balanced. The thing I appreciate about it is we don't have sort of a red state-blue state mentality or this extreme right. It's "let's just talk about the issue." Let's talk about what are the pros, what are the cons and see where it is. It's never been a contentious thing. There are few times over the years I felt a little lonely in terms of bringing some things up or knowing that some of the people have been particularly vocal about an issue.

Q: Do you want to talk about any specifics?

Boisi: No. And then I would just ask a number of—you know, there's an art to asking questions and I like to think that the people that we've surrounded ourselves with have sort of figured out where you can make a point without attacking somebody and urging for balance in the discussion. And let's see if we can just sort of work through this—you know, there's a different

perspective, there's this and that. So the conversations that you have are very thoughtful but sometimes you sit there and say, well, do I really want to spend my time arguing this because I know, given the group—you're never going to get there—and just reminding people again that we're an institution that needs to be perceived as balanced. If you want cooperation on a subject, you're going to have to approach it on a more balanced way than you may be.

Q: Well, [Geraldine] Geri [P.] Mannion has gone out of her way to make sure there is that balance. She's worked with police chiefs and evangelicals, et cetera, in that program who you wouldn't really expect that program to attract.

Boisi: Right, right. I think she's done a very good job over the years. Obviously, people have been very respectful of that because it's pretty evident where folks are politically on some of these issues.

Q: Between 2007, 2008, the staff was reorganized. Programs were shifted around under International and National and Special Projects. How has that worked out?

Boisi: I think it's worked out pretty well. I kid everybody a little bit about it. From a gender standpoint, when you look at the talent base that we have, it's a little bit more female-oriented. That may be a reflection of the way that society is going [laughs]. So it wouldn't be bad to have a couple more. When I first came, it was a little bit more balanced, men and women. As we migrated, it migrated to more women, even including in the investment side of the house. But I think the way that Vartan has set it up—in terms of the National and the International programs

and then having folks who are on the staff who, in one way, specialize in a certain area but also contribute to the macro issues within the genre of activity—has been a positive way of doing it.

Q: Has it resulted in any change in the relationship that you as a board member have with the staff? Instead of having the subcommittees, you now have logic kinds of relationships or different—I don't know. I'm assuming that there are different relationships. Maybe there aren't.

Boisi: Well, I would say that I have particularly close relationships with a number of staff—and actually, we periodically take people out to lunch just to get to know what they were talking about. They made an active—it was obviously an active effort on their part to get to know us and what's important to us, offering us the opportunity to exchange ideas offline, outside of the board meeting or subcommittee meetings. Because the subcommittee meetings are part of the day's activity. Clearly, I had a very close working daily interaction, if not certainly weekly interaction, with the investment folks. When Susan [R.] King was there, I talked to her all the time. Actually, we had her on the National Leadership Roundtable on Church Management board, so I interacted with her own on topics other than Carnegie-related things. Michele Cahill has been very generous with her time, effort and money, helping us in a variety of things. Geri Mannion the same way.

As the new group has come in, I haven't established that more intimate interaction as we did with the previous group who had been there for many years. The new group has really only been there for about a year or two. Deana I've spent more time with and she's made a conscious effort to communicate, offer more. Ellen [J.] Bloom I've interacted with because of compensation issues

and whatnot so, gotten to know how. But the replacements for some of the folks I've not gotten to know as well. But each one of these people are extremely competent, thoughtful, generous of spirit and generous of their time, energy and desire. I'll tell you, if you ask them a question, either online or offline, they will get back to you within a very short period of time. And sometimes I say I was just asking a casual question—you don't have to spend a lot of time and energy. But they will come back with a very thoughtful response. They're very generous about introducing us to people who could bring a different aspect to it. I just think he's developed a remarkable group.

Q: Have you been at all involved in centennial celebrations?

Boisi: Have all of those people been?

Q: Have you been?

Boisi: I'm involved in a number of them. I'm going to go over to the Hague. I wasn't able to get down to the Washington [D.C.] one at the Library [of Congress]. I happen to be on the [James] Madison Council of the Library of Congress. So I was disappointed. From a business standpoint, I haven't been able to. I spend a fair amount of time on Carnegie things because of the investment thing and I've got a lot of responsibility. So I have to sort of pick and choose what we're involved in. I basically say, which are vital, which are really important to you? The Carnegie Medal [of Philanthropy] meetings are always a highlight part of the year. But I do as many of them as I possibly can. I have to say, going to the Hague will be one of the first times—

I haven't gone on some of the international ones because it just takes too much time away from work.

Q: Well, that sounds like a particularly interesting one.

Boisi: Yes, that will be.

Q: From time to time you've made some general comments about the role of philanthropy in American life. I sensed from a few comments you made here—where you tripartite the government, the business and the third sector. Is that a fair way of just saying that—how you see that role?

Boisi: And there are two aspects to it. There's the program side of it and the philanthropic side of it.

Q: Can we talk about the philanthropic side?

Boisi: Yes. The philanthropic—you have the traditional large pools of capital versus the individual pools of capital, which are getting larger. One of the observations I would make, having been invited to a lot of these meetings—and I've been on both sides of it because I started 501(c)3s from a personal philanthropy standpoint. Then from the vantage point of being involved with an organization like Carnegie that has an endowment whose purpose is to contribute. So you see philanthropy from a much broader perspective.



Over the twenty-five or thirty years that I've been actively involved in it, there was a disconnect in my mind between where the programmatic leaders were going because of either an academic theory or even if they were very good pragmatically, they're always in a supplicant role to the grantors. What I've tried to encourage is more of a strategic interaction among the suppliers of capital and recognizing that—because some of the issues are so deep and systemic and require greater amounts of capital than any one problematic organization can muster. To the extent you can get both sides of that equation working together with comrades and arms on an issue, the more you're apt to actually have impact on the problem. Therefore, getting the convening power at the grantor level—and so, therefore, I work with a number of organizations that have attempted to mobilize those folk. You help inform the programmatic side—not dictate but inform—because these folks have spent a lot of time and energy and money thinking about something. I would use the Gates Foundation example: good-spirited, right-hearted but a little bit too directive without having a lot of experience and not engaging enough people who had experience from different disciplines.

Q: There was kind of like the new boy on the block kind of thing.

Boisi: Right. Whereas if you can develop some like-mindedness in terms of strategic thrust and mobilize capital—pool capital—and require standards of performance before capital is invested, you'll get a higher quality result. So some of us have been attempting to do more of that kind of activity. Carnegie can provide great leadership in that. I think Vartan certainly sees it from the

perspective of the other institutions, some of the very wealthy foundations. But I think that can be driven deeper into the philanthropic.

As you have generational wealth shifting so dramatically over the next couple of decades, the education of the way a thoughtful family or philanthropists should operate and if they can do it in concert with other like-minded people, you'll end up getting a higher result. Given the world that we've lived through—from a financial standpoint—if you look around, I think we're going to be in an economic malaise for at least another five or so years. It's going to put tremendous pressure on the philanthropic community and particularly on the programmatic side.

So the appropriate allocation of capital, in order to achieve real systemic change, is going to have to be thoughtfully done and leadership is going to be exercised in that regard. And I think that Carnegie is one of those leaders. Vartan himself, as an individual, is a voice of leadership and common sense in that area. He can educate some of these younger people, just stylistically. Because you have this whole group of capital that's coming out of the technology community of twenty- and thirty-somethings who, frankly, because they hit it rich early on, think they have a lot of the answers. They need to be mentored in that regard. But they have a little different perspective on how to do it. And herein lies what I was talking about—their venture capital mentality. Because that's the way that they've made their money, they're going to apply that venture capital mentality to their philanthropic giving. So having double impact investing on the programmatic nature is probably going to be a new direction that you're going to see out of that group.

Q: As I listen to you, what I sense is that you are struggling to kind of define a new world for philanthropy. In general, philanthropy, up until really fairly recently, the idea was to mount pilot programs for the government to then assume. That one would not do it—but one would show the government, then the government would come in with its vast resources to take it over. But more and more philanthropy now is being asked to bear the burden—to do it instead of government.

Boisi: I think the government has been a total failure in a lot of this stuff [laughs]. And I guess I'm a little more cynical about that. But I'm also realistic about it that our government has overextended itself. There's a lot of chit-chat and talk from the political environment. What I found on a bunch of these areas—whether it's education reform, child development stuff—on both sides of the aisle you had people who were looking for photo ops more than making real commitments. When you have a government that's overextended itself because of entitlement programs and whatnot, your discretionary capital available to fund good ideas is going to be more limited. Therefore, business, the private sector, the traditional endowment sector is going to have to play an important role. Then those people are going to have to put some political pressure on the government to pick and choose the right ones. But the more the government gets involved the more they mess it up, in my opinion, in terms of getting very bureaucratic about the way they execute their business.

Until that changes—you're right and it's always going to be a little bit that way but—you'd like to think that there will be some shift in all of these things. I think we're going to go through a period of scarcity of capital and an allocation of capital mindset of greater scrupulousness. Therefore, if you have a real good strategy and you've got the right people working together, you'll get more

done. You'll be able to attract the amount of capital that allows you to accomplish something and I think the progress will be made.

So I think there has to be a shift in the way that philanthropy operates. I would also tell you that the country is great because it's innovative. I mean, we're starting new nonprofits every second of the day. There are catalytic organizations that have been in the vineyards of certain industry—parts of the nonprofit industry that really can help develop best practices and this coordination function. Those organizations need to be funded. Those are the toughest to raise capital for and yet, in my opinion, they're a vital cog. If you've ever built a business from scratch and you've gone from one stage to another, there's this middle stage where you need to respect the process of progress and the leverage that that brings to systemic change. You can't always just be funding the venture capital activities. And that's something that the historic endowment community has not been putting capital in. I think that they should spent more time focused on that.

Q: Terrific. Any final comments you want to make?

Boisi: No. I would just say, on a personal level, it's been an absolute privilege and thrill to be part of the board of trustees and Carnegie. It's, I think, a national treasure, as I started off with. Vartan Gregorian has been an extraordinary leader, visionary, and inspiring from an institutional standpoint and an individual standpoint. He's been a great gift to the country and I was delighted to see, a few years ago, the President of the United States and the government acknowledge that because I personally think he's been one of the best social entrepreneurs of the last forty or fifty

years in the country. Carnegie is very, very lucky to have had him. And I personally have been very fortunate and I cherish the involvement and friendship that he has engendered toward me.

Q: Thank you.

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