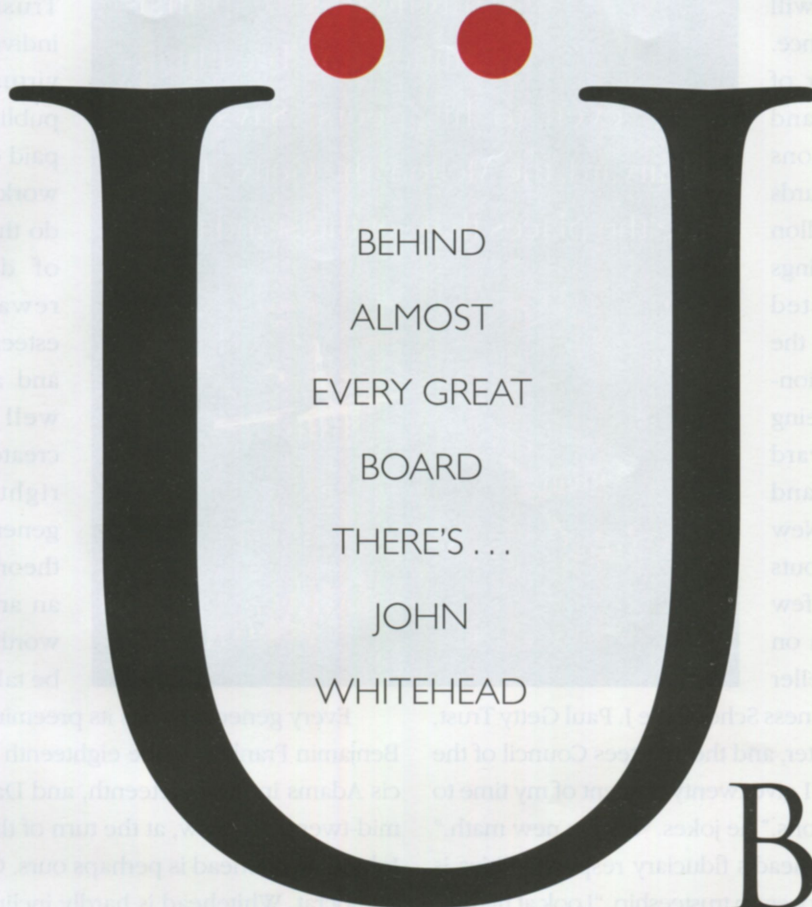


AMERICA'S



BER-

TRUSTEE

by
John Sedgwick

John C. Whitehead, the 75-year-old former Goldman, Sachs cochair, one-time deputy secretary of state, and now guardian angel of American philanthropy, cannot sit still. His feet are in constant motion, as if yearning to carry him out of his glass-walled, art-filled New York office and into the world of strenuous duty. "I'm blessed with a high energy level," he says.

That may be why, at an age when most wealthy retirees' thoughts turn to the golf course or to their art collections (Whitehead has a fine one, of nineteenth- and twentieth-century French works), Whitehead is serving on the boards of many of the nation's most important nonprofits—so many of them, in fact, that he would just as soon not divulge the precise number. When pressed, he sheepishly acknowledges that it is "somewhere around thirty." He'd rather not name too many, possibly

PHOTOGRAPH BY MAX AGUIRRE/HELLMIG

HARVARD BUSINESS SCHOOL

for fear that any organizations not on his list will press him for his assistance. Still, the known roster of his recent nonprofit and public-service affiliations includes chairing the boards of the Andrew W. Mellon Foundation, the Brookings Institution, the United Nations Association of the U.S.A., and the International Rescue Committee; being president of the Harvard Board of Overseers; and cochairing the Greater New York Councils/Boy Scouts of America. In the past few years, he has also been on the boards of Rockefeller

University, Harvard Business School, the J. Paul Getty Trust, the Lincoln Center Theater, and the Trustees Council of the National Gallery of Art. "I give twenty percent of my time to each of these organizations," he jokes. "It's the new math."

The scope of Whitehead's fiduciary responsibilities is breathtaking, even to his peers in trusteeship. "Look at his list," says one. "Harvard, Rockefeller University, the Mellon, the Getty. Let's face it, these are the places that set the standards. If they fall, then all the others around them will fall too."

The peer exaggerates, but his remark should remind us of a curious fact: Hidden away in plain sight, our democracy contains a powerful aristocracy—the trustees of the nation's nonprofit institutions. This is not to say that the other unelected command posts of the country—in business, public administration, the military—are "democratic" in any popular sense of the word. But these offices are, at least, hotly contested, and the winners' performances are continuously scrutinized by critics, rivals, and important sectors of the public. More reassuring, at least to the winners, these posts are substantially rewarded with money and/or celebrity.

None of this is true of trustees. Competitions for seats on the boards of universities, museums, orchestras, foundations, think tanks, and so forth, are gentle to the point

Whitehead's responsibilities are breathtaking, even to his peers. Says one, "Harvard, the Mellon, the Getty. These are the places that set the standards."



of being imperceptible. Trustee performances, individual or collective, are virtually invisible to the public. And, far from being paid or celebrated for their work, trustees frequently do the paying (in the form of donations) and are rewarded only by the esteem of their colleagues and a sense of civic duty well done. Trusteeship creates an aristocracy, all right, one that has fed generations of conspiracy theorists (after all, this is an aristocracy of the trustworthy whose virtue must be taken largely on faith).

Every generation has its preeminent trustee-aristocrats: Benjamin Franklin in the eighteenth century, Charles Francis Adams in the nineteenth, and David Rockefeller in the mid-twentieth. Now, at the turn of the twenty-first century, John C. Whitehead is perhaps ours. Of course, as a small-*d* democrat, Whitehead is hardly inclined to think of himself as any sort of aristocrat. He even grows uncomfortable, if not positively annoyed, at the idea that there might be some hierarchy of honor in the sort of offices he holds. Asked to name the most prestigious boards in New York City, for example, he dismisses the subject as "shallow" before reluctantly suggesting the Metropolitan Museum of Art, the New York Philharmonic, the New York Public Library, and Columbia University.

What is most characteristic about this response is that Whitehead is not now and never has been a trustee of any of the institutions on his list. The man, to say the least, is not fond of the tall pronoun. When he does speak of his own trusteeships, he rarely mentions himself, preferring to focus on the impersonal issues of the office and the results achieved during his tenure on the board. But in fact, at the Mellon Foundation he helped encourage funding for on-line publication of scholarly journals, thereby saving the nation's libraries the cost of storing hard copies. At the Getty,

he helped shift the emphasis from purchasing more art to preserving art everywhere. And at Harvard, he is generally credited with taking a leading role in two important initiatives: freeing the Board of Overseers from the ideological agendas of some of its elected members and persuading the Fellows of Harvard (the ultimate trustees of the university) to hire Neil Rudenstine as president in 1991. He acknowledges the first of these but dismisses the second. Rudenstine was a paid employee of the Mellon when Whitehead was chair of its board. Never mind: "That's just a coincidence," he says.

PROBABLY THE PUSHIEST MOVE WHITEHEAD ever made came when, as head of the United Nations Association, he decided to send U.N. Secretary General Boutros Boutros-Gali \$44 as his family's portion of the United States' unpaid debt to the world organization. He included a note saying that, although the payment wouldn't balance the U.N.'s books, it felt good to know that "at least I had done my share."

Modesty on this scale seems utterly baffling in a celebrity-obsessed popular culture such as ours. Even in the discreet empyrean of trusteeship, Whitehead's reserve stands out. "I've never met anyone whose ego is so sublimated as John's," a close associate says. "You never scratch away the surface and say, 'Ah, there it is, there's the point where he's sitting on the throne, where he's getting a charge.' You never see that."

It is possible, though, to catch a glimpse of his satisfaction with his art collection. In a catalog of the collection published earlier this year, there are distinct notes of pleasure in the few remarks he allowed to be printed. About a strikingly erotic Maillol nude, for instance, Whitehead makes the admiring comment, "Maillol's models were mostly heavier than this one, but I have always thought that thin is beautiful. . . . — JCW." When his pride is not completely absent, it is always oblique and self-deprecating. "I continue to be amused," he writes, "that many friends from my banking years at Goldman, Sachs and from my diplomatic years in the State Department are

surprised when they learn that I collect art with some seriousness, in the same way that their eyes widen . . . when they hear that I used to play the violin or still go on Outward Bound trips or that I own part of the [New Jersey] Devils hockey team. Collecting art seems to them a rather odd thing for me to do. . . . But . . . I find that I like being surrounded by beautiful things, and it doesn't hurt that they also seem to increase in value as the years go by." The enviable résumé is revealed, but ingenuously. And his self-effacing style is evident in the way he talks about collecting with "some" seriousness and artworks that "seem" to increase in value.

Of course, modesty may have little to do with Whitehead's manner. What looks like modesty may simply be a professional posture shaped by a lifetime of taking care of other people's money. For 38 years Whitehead was a well-rewarded investment banker at Goldman, Sachs, which is renowned equally for its success and its discretion. For much of that time, he was a partner, a service that demands nothing if not discretion—which can be difficult to distinguish from modesty. His true motives no one will ever know. To find out, we would have to have "gotten into his head," as his Goldman, Sachs cochair John Weinberg puts it, and no one seems to have ever done that.

It is easier, by a small margin, to discern why Whitehead has dedicated so much of his life to good works. Many of his friends, after several fumbling attempts at accounting for the essential Whitehead impulse, returned to the same explanation: Growing up in Montclair, New Jersey, Whitehead was a Boy Scout. "He was an Eagle Scout," explains Ken Brody, a former colleague from Goldman, Sachs who forcefully offered this line of argument. "That's the highest level you can reach." Whitehead has kept at it in recent years, Outward Bounding into the wilderness with Arthur Levitt, chair of the Securities and Exchange Commission. More important, Whitehead evidently prizes a scoutlike honesty above all. During the Iran-Contra controversy in the second Reagan administration, he became the darling of the Democrats because, almost alone among Reagan appointees, he refused, in Brody's words, to "lie for his President" when testifying before Congress. Needless to say, George Bush did not invite him to join his administration. "He's a pretty principled guy," says Brody. "He will not do whatever it takes to advance."

BOY SCOUTS OF AMERICA

But the Eagle Scout has advanced all the same. From Montclair High School, he went on to Haverford College and then to the navy, where he served from 1943 to 1946 and fought in both the European and Asian campaigns, participating in the invasions of Normandy, the South of France, Iwo Jima, and Okinawa. After the war, he picked up a Harvard MBA and immediately joined Goldman, Sachs. He became partner in 1956 and cochair in 1976. At Goldman, he imposed a team approach on an outfit that had always depended on star players, thus leveraging the firm's talent effectively. By the time Whitehead left, he had lifted the firm from a niche Wall Street player to a global powerhouse. Then it was on to Washington,

D.C., to become number two to Secretary of State George Shultz. (One story Whitehead actually likes to tell about himself is about the gas station owner near his house in Essex, New Jersey, who, without irony, congratulated him on landing a new job so soon after leaving Goldman.)

Today he is chair of AEA Investors, an extremely high-level investment club whose members include Henry Kissinger, Walter Wriston of Citicorp, and Roger Smith of General Motors. On the day I visited his office, the receptionist was signing a stack of stock certificates as thick as the Manhattan telephone directory. But the main benefit of AEA may be that it distracts him from the anguish at home, where his third wife, the former White House correspondent Nancy Dickerson, is recovering from a stroke. "John is taking it really hard," says Brody. True to form, Whitehead doesn't say a word about it during our interview.

Many of his friends account for the essential Whitehead impulse the same way: Growing up in Montclair, New Jersey, he was an Eagle Scout.



AS THE LAST BOY SCOUT, Whitehead has always had the impulse to charity, but his career in philanthropy began quite by accident. In the fall of 1956, during the Hungarian revolution against the Soviet Union, he and his then-wife happened to be in Vienna. They were dining out with a Hungarian friend, when a young freedom fighter burst into the restaurant and rushed straight to his table to plead with Whitehead's friend for some desperately needed supplies—radios to communicate with other rebels and outboard motors to cross Hungary's lakes. "I got quite caught up in the drama of the moment," Whitehead recalls. He decided to cut his vacation short and return immediately to the United States to see what he

could do. He felt some special responsibility for the Hungarians' plight because the United States, in his mind, had encouraged the revolt—and then, leery of provoking the Soviets, had done nothing to help it succeed.

Once back in the States, Whitehead made "a few contacts" through Goldman, Sachs. In two and a half days, he says, he persuaded RCA to supply the radios, Outboard Marine to put up the outboard motors, and Pan Am to agree to fly a full planeload of this material to a Vienna airport for quick distribution to the revolutionaries. "I didn't stop to think that this was all completely illegal," he adds (there are strict laws against American citizens' aiding insurrections in foreign countries). "I wouldn't be telling you this if the statute of limitations hadn't expired."

Today Whitehead draws on an unparalleled dossier of experience as a nonprofit trustee. Some pieces of ►

J. PAUL GETTY TRUST

Whitehead wisdom: "The first rule is to take it seriously. Don't go into it unless you are ready to devote the time, energy, and thought to make the organization succeed." Nothing annoys him more than trustees whose first act upon settling into their chairs is to check their watches to see just how long this tedium is going to last. "They have to understand, they are in charge," Whitehead says heatedly. "They're the body that runs the organization. They determine the mission, and

they hire the chief executive. They are in control. The organizations that don't understand this are the ones that get themselves in trouble." The quality that he looks for most in a trustee is diligence, which he defines as a dedication to improving the organization the trustee serves. When considering a candidate, Whitehead knows that there are a number of what he derisively terms "pedigree boards" among nonprofits, but he doubts that they are getting much done. Wealth is certainly a factor in his calculations (although he would never be so gauche as to set a dollar amount for the expected contribution), but he has come to value a board member's intellectual contributions possibly even more highly. And if a board member doesn't pan out, Whitehead is not shy about taking him aside for a pointed conversation. "Joe, I know you're on other boards," he might say. "And I know you haven't been attending our meetings or contributing financially. Would you mind stepping aside to let someone else take your place?" In his experience, such directness invariably leads to favorable results—either the elimination of a nonperformer or, as he says, "a newly rejuvenated trustee."

Whitehead realizes that organizations do not run on diligence alone, and he has become pretty good at soliciting the hard stuff, too. (Though not always at judging pleas for his own largesse: Whitehead cheerfully admits that he

At the Getty, Whitehead helped shift the emphasis from purchasing more art to preserving art everywhere.



was one of the "dupes" in the 1995 New Era Ponzi scheme.) A few tips on personal fundraising: Always ask in person, preferably over lunch (Whitehead had what he termed his "\$100,000 table" at one club just for this purpose). Better to ask for too much than too little ("no one is ever insulted to be asked for more than they had planned to give"). And be sure to craft your appeal to the interests of the donor (if someone has a special interest in modern art, for example,

Whitehead would explain that the National Gallery of Art is the very best place for a bequest since it needs help with that period). Relentlessness helps too, apparently. "He can be a pain in the ass with it," jokes his lifelong friend and fellow owner of the New Jersey Devils, John McMullen. "I get all kinds of requests for contributions from him."

Whitehead says he learned the ropes of trusteeship from an older fiduciary aristocrat, David Rockefeller, with whom he served for many years on the board of Rockefeller University. Yet in one way Whitehead may have surpassed the master. His involvement in so many individual nonprofits blossomed into a concern for all nonprofits, and in 1995 he formalized his role as the nation's *über*-trustee through a gift of \$10 million to the Harvard Business School to endow the John C. Whitehead Fund for Not-for-Profit Management.

It couldn't have been easy to manage Goldman, Sachs, but Whitehead knows that nonprofit organizations are much harder to run than for-profit ones. Yet nonprofit managers are often considerably less trained in management than their for-profit counterparts. His gift to Harvard was meant to help rectify this. If it does, then maybe at last he will be able to put up his feet and relax. ■

John Sedgwick wrote "Dire Learning," about the ousted trustees of Adelphi University, in the Summer 1997 issue of *THE AMERICAN BENEFACTOR*.