

A Long History of Giving

An Interview with Sanford Weill

EDITORS' NOTE Sanford Weill graduated from Cornell University in 1955 and began his career as a runner for Bear Stearns before becoming a broker. In 1960, Weill and three partners started a small brokerage, Carter, Berlind, Potoma & Weill. Over the next 20 years, Weill built it into the financial powerhouse Shearson and sold it to American Express in 1981. Weill became President of American Express, from which he resigned in 1985. In 1986, he traveled to Minneapolis to persuade Control Data to spin off its subsidiary, Commercial Credit, in an IPO. Control Data sold 82 percent of the company to the public and Weill took over as CEO. Besides Commercial Credit's lending operation, Weill had acquired its subsidiary, Gulf Insurance. By 1988, Weill had acquired Primerica Corp. along with its holdings, the brokerage Smith Barney, and the A.L. Williams insurance company, which Weill renamed Primerica Financial Services. Over the next two years, Weill's Primerica Corp. absorbed the consumer lending operations of Barclays American/Financial, and acquired receivables and branches from Landmark Financial Services. In 1992, Weill bought 27 percent of Travelers Insurance. The following year, he regained control of Shearson. With Shearson under its belt, Weill's Primerica purchased the remaining shares of Travelers. Weill merged Shearson with Smith Barney. Travelers Group, as the resulting parent company was called, included brokerage, term insurance, consumer finance, property-casualty insurance, life insurance, money management, and investment banking operations. In 1996, Weill acquired the property and casualty operations of Aetna. The insurance companies were reorganized into separate life, term, and property-casualty operations. In September 1997, Travelers acquired Salomon, Inc. Weill merged Salomon with Smith Barney to create the second largest securities firm in the world. In April 1998, Weill announced Travelers Group would merge with Citicorp to create Citigroup, Inc. In 1999, Citigroup became the largest financial services company in the world. At first, Sanford Weill served as Co-Chairman and Co-CEO with John Reed, but in 2000, Weill became the sole Chairman and CEO of Citigroup. Weill retired as CEO in 2003 and relinquished his Chairmanship role in 2006.



Sanford Weill

Weill remains Chairman Emeritus of Citigroup today; Chairman of Weill Cornell Medical College (since 1996); Chairman of Carnegie Hall (since 1991); Founder and Chairman of the National Academy Foundation (since 1980); and Director of the following boards: Koç Holding, Qatar Foundation International, Sidra Specialty Teaching Hospital in Qatar, Lang Lang International Music Foundation, and the Gerald R. Ford Presidential Foundation. Sanford and his wife of 55 years, Joan, are recipients of the 2009 Carnegie Medal of Philanthropy.

You have a very distinguished philanthropic record. How was the desire to give back instilled in you?

By my wife. She graduated Brooklyn College with a degree in education and was a teacher in the New York City public schools. She always cared a lot about social issues, so she started volunteering early on.

My first real involvement requiring a lot of my time was in approaching the New York City Board of Education to start a dialog about a partnership between the public and private sectors in teaching subjects that would relate to actual job opportunities of the 21st century, not those of the 19th century as were being taught. That is when we came up with the idea of starting an academy of finance with the agreement of the chancellor and the board of education. We supported the teachers by providing externships in our businesses in the summer, as well by having people in business help write the courses to ensure they were relevant. Part of the program also involves providing summer internships for young people in financial, hospitality and tourism, information technology, and engineering companies so they can see that there are a lot of opportunities beyond entry-level jobs, but that they all require education.

This program is now 30 years old and teaches more than 53,000 students in 500 schools in 41 states and the District of Columbia. We're thinking about starting an academy in health care too. Over 90 percent of our kids graduate from high school and over 80 percent of them go onto college. Based on a recent study by MDRC, our kids earn 17 percent more than non-career academy students upon graduation.



You must have many opportunities to get involved in various projects. How challenging is it to decide where to focus your efforts?

I focus on what I think is important and I always believe in working with the people who are the busiest, because those are always the ones who can do more effectively.

I don't look at philanthropy as just giving money to sooth one's conscience. I have seen plenty of money given out with no attention paid to staying on top of what was happening and no effort being made to get the same kind of return that you would expect from an investment in a company.

So I've concentrated on three institutions that have done very well through this economic downturn: the National Academy Foundation; Carnegie Hall; and the Weill Cornell Medical College, where we're building a big research center via a campaign that is targeted to raise \$1.3 billion. We're about three and a half years into that campaign and have raised about \$1.05 billion so far.

How did you get involved in the medical college?

I'm a graduate of Cornell so I always thought about how to be involved in the school in some form. Cornell's medical school in New York seemed like an easy way because of the proximity. So in 1982, I went on the board, and I became Chairman in 1996.

About 14 years ago, we were lucky enough to hire Antonio Gotto as Dean. He will complete his third five-year term at the end of 2011, and under his leadership, the institution has grown dramatically. In 14 years, we have raised \$2.5 billion, expanded our research, built a new outpatient clinical building and a new research building, and developed a new education program. We have also expanded globally and are the first and only medical school to give a U.S. M.D. degree outside the United States – in Qatar. We were thrilled when our first graduating class of students was accepted in great hospitals around the country for their residencies.

Building a school in an Arab country in the Middle East was a very important undertaking. We're looking to bridge different cultures to make the world a better place and, perhaps, by doing so, we'll eventually help create peace

Weill Cornell Medical Research Building – groundbreaking on May 26th (upper right)

in the Middle East rather than sitting back and not doing anything until there is peace. His Highness Sheikh Hamad bin Khalifa Al Thani, The Emir of Qatar, and Her Highness Sheikha Mozah bint Nasser Al Missned – Chairperson of Qatar Foundation – have been outstanding partners and true visionaries.

You have also invested in Tanzania.

Our progress has accelerated over the past six years of working on the development of a medical school there. We are now graduating more than 100 students a year. There is a tremendous shortage of medical education and doctors in Tanzania, especially in the area of childbirth and early childhood diseases where the incidents of death are very high.

We also have had a clinic in Haiti for 30 years doing research on HIV and have contributed to cutting the incidence of HIV in that country in half. More recently, with the earthquake, we were able to help with all kinds of medical issues. With what we're doing in Haiti, Brazil, and Tanzania, we have an important position in infectious diseases. We recently received a grant from the Gates Foundation to continue the research we're doing there.

This is a challenging time for funding. Did the economic crisis have an effect on your work?

We were obviously affected, but you have to push ahead and make things happen. I'm proud of the fact that both in the medical school and at Carnegie Hall, we have two major construction jobs taking place at a point in time where we're able to pay less for materials and labor than we could have a few years before.

One is a \$650-million research building for the medical school and the other is the \$200-million revamp of the two towers around Carnegie Hall.

The major institutions that I'm Chairman of were all profitable during this period of time. I wish I could have said the same thing about my former company.

I've always looked at change as something that creates an opportunity.

Are you concerned with where the medical profession is going, in terms of not getting the right talent entering medical school?

We had more applications to medical school than we've ever had. The quality of the incoming class is the highest it has ever been. So even though we have this problem with a litigious society and the cost of insurance, people still care, and when somebody enters an academic medical center, they're thinking more about how they can make a difference in the quality of life for society than how much money they will make.

In our partnership with New York Presbyterian Hospital, residents get a chance to spend a few months in Tanzania. When they come back, they better understand why they chose medicine as a career and the opportunity they have to help people. They have now seen a place where they don't have MRI machines and CT scans, and don't get blood tests back in a timely manner, and they see the old medicine where you have to understand what is happening inside one's body without all the technological aids.

Because we offer that experience, we are getting first-class residents. We also have a partnership with Methodist Hospital in Houston where they just opened a brand new research building, and we provide the educational component for them. One of their concentrations will be on infectious diseases. We'll have an opportunity to work with them and maybe have some of their residents go to areas like Tanzania or Haiti.

When we see budget cuts in education, many talk about cutting the arts. How critical is it for young people today to learn about the arts and are you concerned that we're losing that at the early stage?

Arts education has been cut substantially in high school and grade schools, and it's going to be cut even more. That is part of the culture and fabric of our society, so I'm very concerned about it.

Beyond the outreach we have going to the high schools in New York City, we've created The Academy at Carnegie Hall. Through this program we, in conjunction with Julliard and the New York City Department of Education, offer fellowships to graduates of music institutions where, in return for our providing continuing education and opportunities to perform, they agree to spend time teaching in the school system. Through this program, we're trying to create an interest in teaching.

Carnegie Hall has also worked with the State Department in developing distance learning with schools in New York, South Africa, Turkey, and Alaska. A lot of the arts organizations in the Middle East come to see how we manage Carnegie Hall so they can take the ideas back to their countries.

Music is a universal language. It's a great way to relate and bring cultures together.

Lang Lang is an incredible Chinese piano player. When he was 17, he agreed to do a free piano recital at Carnegie Hall where I was having a dinner for some of the larger donors.

He set up his own foundation to find exceptional talent, give them scholarships, and mentor them so their careers can move forward and so young people will continue to pass on music that was created hundreds of years ago but still has influence today. In China, there are five million kids taking piano lessons because of Lang Lang.

When you were building your companies, the world was less connected. Is taking a more global stance and view today a critical part of what you do?

It's a very important part of my thinking. There has been a lot of criticism about what the financial industry has done and some is justified. But there are also a lot of good things the financial industry has done. The capitalist entrepreneurial model of the U.S. has been copied by countries that were communist. China is one of the fastest growing capitalist countries in the world, as is Russia, with capital markets, stock exchanges, and the ability for companies to raise debt; they have small companies that are growing. Already a billion people have had the chance to come from abject poverty to the middle class in the emerging markets.

But there are over two billion people that are still living in abject poverty. With how much the world is going to grow in population over

the next couple of decades, we have to create a way for those people to see they have a future in this world. We have to educate them and give them an opportunity. I am very disappointed when I see how a country like Turkey, which is a moderate Muslim country, is not welcomed by the EU. It's one of the countries that is doing phenomenally well. We have 1.5 billion Muslims in this world – we better learn how to get along.

There is debate about the U.S. stymieing entrepreneurs with regulation and losing its edge in innovation. How critical is it to retain that edge?

It's very important we don't lose that edge, but the American people understand that.

President Obama is very smart, but I was disappointed with the way he related to the business community. He is doing much better now, and I am encouraged with the leadership he portrayed with the recent tax bill extension and key senior staff appointments at the White House.

The Democrats and Republicans need to understand that they were elected to do the people's business and not their own business. The direction should be down the middle, which is where most of the American people are, and both these parties have to work toward the middle of the road approach because that is what will keep America going as a leader.

We live in a global world, and goods and services should go to the lowest cost producer of quality products.

We should have more engineers and technologists, and we should have a more efficient delivery of health care.

There are lots of areas where the U.S. should work to promote the fact that American financial institutions should be the leaders in growing and helping the world prosper in the future in all of these emerging markets rather than looking to split them up and cripple them.

Was it tough to transition away from business as you retired?

The transition turned out to be difficult and lengthy because I saw things happening that I didn't agree with.

I never thought a company that was as strong as Citigroup, with over \$100 billion of equity and \$20 billion of profits, could ever end up like it did. It hurt a lot of the people who worked with the company, and a lot of those lives were dramatically and permanently changed, including my own.

I volunteered many times to do different things, but saw that my advice was not wanted. I felt funny about the fact that I had a contract where I could not compete with anything the company did for the rest of my life and on the flip side, I had a lot of benefits that came from the company. So I spoke with the Chairman about ripping up that contract and giving back all of my benefits except for health care.

After that, I had more meetings with some of the people there who listened to some of my advice. The company is doing better and has a terrific position in a lot of the emerging markets, which they have because they've been in those countries for over 100 years; you can't make up the lag by being in a place for just 10 years. ●