

Bill Gates Sr.
Grants Managers Network Conference
March 21, 2011

Final

Thank you, Dave, for that kind introduction.

When they told me the theme of this conference was “brewing innovation,” I wondered if they meant coffee or beer, because we happen to be connoisseurs of both here in Seattle. Given that it’s nine o’clock in the morning, and that this city is known to have the most coffee per capita in the country, I really hope your theme refers to coffee!

[Pause]

Since a big part of your job is compliance and quality review, I considered being concerned about the delivery of my remarks this morning. But the truth is it’s a real pleasure to address a room full of grants managers—especially because I was once a grants manager myself. In fact, I was the first grants manager at the Bill & Melinda Gates Foundation.

The story of the Gates Foundation, and thus the story of my brief career as a grants manager, starts about 15 years ago. Bill and Melinda were getting piles of mail asking them to support many worthy causes, but they were working hard at Microsoft. They didn’t have the time to give those requests the attention they deserved.

Since I was winding down my law practice, I offered to help with this very important aspect of their busy lives. I set up shop in the office I kept in the basement of my house, right next to where Bill’s bedroom had been when he was a teenager. I hired a woman who lived a few doors down street—we affectionately called her “the neighbor lady”—and our work got underway.

For the first several years, our approach was simply to consider the requests that came in over the transom. We would sort through these and evaluate which grantees and which ideas presented the most promise. Every so often, I’d call on Bill and Melinda for their review. Then I’d type up and send out our declines or grant agreements accordingly.

A few years later, in 1998, Bill and Melinda came across a newspaper article that said 500,000 children were dying every year from something called rotavirus. Rotavirus is one of the primary causes of diarrhea. What shocked them was not just the appalling number of deaths, but the fact that they had never even *heard* of rotavirus. How, they wondered, could something be killing 500,000 children every single year, and get so little attention? So they decided to learn more about it.

We started with some conversations with experts in the field, particularly the leaders of a local global health organization called PATH.

I also sent out a bunch of faxes—that’ll tell you how long ago this was—to the leading organizations around the country, letting them know that we were interested in learning about what they did.

It didn’t take long. Word got around that we were looking for ideas, and proposals started flooding in.

And that marked the definitive conclusion of my career as a grants manager.

Truthfully, I didn't know a whole lot about managing grants. Those very first grant agreements I typed up were one-page letters grantees would later frame and hang on their walls. As the foundation got larger and our work got more complex—as I came to understand how much I *didn't* understand—we decided it was time to bring in some professionals.

[Pause]

A little more than 10 years later, we now have more than 25 distinct strategy areas, each of them devising creative new ways to redress different kinds of problems. As a result, we also have more than two dozen grant managers, and the work they do is very competent.

When I got started, I thought a matching grant was pretty crazy. Now there are program-related investments, expenditure responsibility grants, and fiscal sponsorships. I'm told a fiscal sponsor is somehow different from a fiscal agent—and that you're the only people on the planet who can explain the distinction!

Though I don't grasp all the details of the work grant managers do, my stint in the role taught me something very important: It made me appreciate the fact that foundations couldn't get anything done without your expertise.

A colleague of mine calls grants management the back office. In a lot of ways, I think the metaphor is apt. Others probably get more attention. You just get the job done. You will never get all the thanks you deserve, but today, I want to at least give you *my* thanks. I believe so strongly in the power of philanthropy to create positive change in our world, and you are the people who make foundations run.

But there is one very important way in which the back office metaphor does *not* apply. Day in and day out, you are a face and voice of your organizations to your grantees. If your grantees say they are satisfied customers, then that is in large part because of the way you helped them throughout the grant process. In that respect, you are very much out in front. Your work is critical.

[pause]

From time to time, I get worried about the inherent power dynamic between grantor and grantee. I think it's very easy for the people who are giving away money to nurture a subtle sense of superiority. And when that sense of superiority exerts itself, it distorts grantee relationships and ultimately the entire philanthropic enterprise.

At the Gates Foundation, we recently had occasion to think about that problem. Working together with the Center for Effective Philanthropy, we conducted a grantee perception survey. It was a curious feeling, knowing that our grantees would be judging us for a change. And when the results came back, some of them were pretty sobering. As a general matter, we received lower than typical ratings on many aspects of the grantee experience.

We took those results very seriously. Philanthropy isn't a popularity contest, and there are times when relationships will be fraught with creative tension. But it was clear that the problems identified in our grantee perception report were preventing us and our partners from having maximum impact.

When we started to make plans to respond to the survey, we found something very interesting. Our grants management teams were already working on several projects designed to improve the way we interact with our grantees. We may not have known as an organization exactly how we were perceived, but our grants manager knew, and they were already doing something about it!

In our U.S. Program, for example, we were in the middle of whittling the number of budget templates down from 14 to just two. We discovered that we had certain grantees who were having to fill out multiple budget templates just for us, as if we were several different foundations. And we pilot tested these with our grantees to find out how to make them even more user friendly.

I know there are some who would have us go even further and adopt a common template with other foundations, or even do without templates altogether. I guess I'm glad we have more room to grow.

Obviously, we didn't invent this kind of thing at the Gates Foundation. In 2007, your Grants Managers Network launched Project Streamline, which has involved a huge number of partners from the sector to tackle these very issues. We're proud to have given a small grant to support that effort.

To me, this is not just about reporting processes, though that's important. It's symbolic of a shift in outlook from what's convenient for us to what helps our grantees. It's a shift from making decisions according to some opaque internal logic to making decisions together with the people they will affect the most.

After the grantee perception report, our CEO, Jeff Raikes, developed an action plan to address the problems that were identified, and our grants managers are the driving force behind that plan.

I suspect the same is true in all the organizations with representatives here today. *You* can help set the tone for a more respectful, more productive working relationship with your grantees.

In that way, you're more the front office than the back office. That, too, is a great responsibility, and I hope that will be part of your discussions over the next several days.

[Pause]

I'd like to close with a brief word about the theme of your conference: innovation. When Bill and Melinda were working at Microsoft, innovation was everything. At computer software companies, brilliant people were making significant breakthroughs every single day. The ideas kept getting bigger and bigger, while the devices kept getting smaller and smaller, until they fit in your pocket.

But when they read that article about rotavirus and started getting interested in global health in the late-1990s, they realized that the same creativity and energy weren't being tapped to save people's lives.

That helped to explain why there were so many gaps in global health—like the fact that the diagnosis for tuberculosis was inaccurate and slow, yet the world hadn't come up with a new method for more than a century.

The Gates Foundation is founded on the idea that innovation belongs to everybody. It's not just for computer scientists. It's not just for technologists. It's for anyone who comes at a problem from a different vantage point. It's for anybody who thinks in new ways about old challenges. For grants managers, those are challenges like working with a grantee to anticipate tipping issues, helping a grantee who is sitting on a lot of grant money, or collaborating on solutions when a grant is going off track.

Innovation is one of the most powerful forces in the world, which is why I am so glad you will spend the next few days talking about it.

Philanthropy is growing; it's evolving; it's becoming even more central to the way societies around the world function. And if we want to get the most out of this commitment we've made to philanthropy, it will depend on our ability to be innovators. Not just the people working on the new TB diagnostic test, but the people working in the back office and the front office to help make their work successful.

I am optimistic about the future of philanthropy because there are people like you who are committed to the never-ending search for better ways to do it.

Thank you.