

BY MICHAEL FELLER

Minding the GAPS

At JPMorgan Chase, we believe we were able to make better use of our resources by waiting to identify funding gaps after September 11.

September 11, 2001, was a tragic day and its intensity was experienced firsthand by the grantmaking team supporting The J.P. Morgan Chase Foundation.

Most of us were on the fifth floor of One Chase Manhattan Plaza, just two blocks from the Twin Towers. Huddled in our offices, afraid, uncertain of our fate, we saw it all—the airplanes slamming into the towers followed by the smoke, then the horrific impact when the towers collapsed and finally, the enveloping blackness.

When we were eventually allowed to leave, the first thing we saw on the street were volunteers—both professional and civilian—directing foot traffic, offering us water and guiding us through the confusion and hysteria.

Although our team and fellow employees were understandably affected, this ordeal provided us with special insights during the initial launch of the firm's relief campaign.

On September 12, Chairman and Chief Executive Officer William B. Harrison, Jr., committed \$10 million to emergency relief efforts on behalf of JPMorgan Chase & Co. and its affiliates. In addition, The J.P. Morgan Chase Foundation made a commitment to match, dollar-for-dollar, donations by the firm's employees and retirees to nine disaster relief funds. (While the firm's

relief efforts encompassed an extensive range of services and programs, this article focuses on our grantmaking efforts.)

Promising the money was the "easy" part. What was notable was how everyone from our CEO to each member of the grantmaking team collaborated to develop the strategy for JPMorgan Chase's response to this catastrophe.

What was unusual in how we earmarked the money? Why did we wait to distribute funds? How did we decide who got help and when? What resulted from our approach? What did we learn in the process? What can other grantmakers take away from our experiences?

To paraphrase Robert Frost, JPMorgan Chase "took the road less traveled"—we believe that this road made all the difference.

"Use The Money Wisely"

The story behind this story begins with JPMorgan Chase and New York—the firm, the people and our longstanding relationships.

JPMorgan Chase is certainly no stranger in New York, having been founded here in 1799. Calling the city home, it is a part of the Dow Jones Industrial Average, serves more than 30 million consumer customers, operates in more than 50 countries and maintains relationships with over 99 percent of Fortune 1000 companies. With 35,000

employees in the New York metro area, it has consistently assumed a pivotal role in the city's financial, cultural and philanthropic leadership.

The overarching philosophy of JPMorgan Chase's philanthropic programs worldwide is the strengthening of communities and an increased appreciation of diversity in four focus areas: community development; human services; pre-collegiate education; arts and culture.

After Mr. Harrison announced the firm's commitment, he also gave one simple directive to the grantmaking team: use the money wisely.

While this sounds simple, it proved to be a huge challenge. Mr. Harrison did not earmark the money for a particular group. This important decision enabled our staff to use their experience in grantmaking and their contacts in the community to develop a disaster-specific process.

Despite the firm's history of philanthropy, we quickly discovered that in this unprecedented situation, we were unsure how to begin. To complicate matters, we were displaced ourselves. Having been evacuated from our downtown office, we were forced to move uptown and share office space with our colleagues. Under the leadership of our Marketing & Communications executive, Fred Hill, our group was greeted

Photo courtesy J.P. Morgan Chase Foundation



Fireman Michael Cortes of Engine 23 uses the new computer at his station to manage engine company business and to keep in touch with well-wishers from all over the country. J.P. Morgan Chase Foundation's grant to Per Scholas helped to install a computer at each of New York City's 249 firehouses.

with open arms, friendly faces and makeshift offices we called home for several weeks.

Given our CEO's directive, we decided first to speak with our network of individuals and organizations to identify the areas of greatest need. This network included nonprofit service providers and government agencies, in addition to internal business contacts, such as the "Street Bankers," our on-the-ground representatives in the communities we serve. Based on this research, we prepared a white paper which Fred Hill and I presented to the JPMorgan Chase Executive Committee in early November, outlining our recommended strategy and identifying a list of presumptive grantees:

- We would target our resources towards three key areas where we thought we could make a difference: economic redevelopment of Lower Manhattan; support for victims and families; diversity and tolerance.

- We would work with intermediaries that had the capacity to distribute funds quickly to direct service nonprofits and with which we had longstanding relationships.

The next step was to engage potential grantees in the process by asking them to think about their unmet needs. They had to demonstrate they were in a

crisis mode and were asked to submit a one-page grant proposal, answering questions including:

- Did you suffer financial losses as a direct result of the disaster?

- Are you actively engaged in helping victims of the disaster?

- What would an injection of emergency funds allow your organization to do that you are unable to do currently?

Our approved strategy allowed us to cover primary and secondary victims whose needs were not being addressed, including: immigrants, especially those afraid to seek help because of their residency status; more than 1,500 downtown vendors whose livelihood was disrupted and in some cases destroyed; and the survivors of same sex couples whose partners were killed during the attack.

The Federal Emergency Management Agency (FEMA) provided us with encouragement when they later advised private funders to think carefully before rushing in, to fill important gaps that were not otherwise being met and to focus on those needs because government money was not headed there.

Our first grants in December 2001 provided 26 nonprofits with more than \$7 million. We decided to reserve 30 percent for short-term future needs and by July 2002 we had expended most of the remainder. In all, more than 50 organiza-

tions have received our help. In addition, JPMorgan Chase employees and retirees around the world contributed \$2.5 million through the special matching gift initiative. The foundation added another \$2.7 million for a total of \$5.2 million.

So Far

And what kind of results did these grants achieve? So far, we believe we made a difference in a variety of ways.

For example:

- **Per Scholas**, a nonprofit manufacturer of recycled computers, received \$155,000. With this grant, the organization installed 249 recycled computers, one for each firehouse in New York City, to be used by firefighters to do research and to communicate more effectively with their many well-wishers.

- **At The Church of the Holy Apostle Soup Kitchen** on Ninth Avenue, the number of meals served per day jumped from 900 to 1,400 a day after the tragedy. Church staff had no idea how they were going to fill this gap. A \$100,000 grant allowed the organization to keep its doors open and continue serving meals. In addition, the funds provided much-needed social services, including job placement, family and childcare assistance.

- **The Nonprofit Finance Fund** received a \$1 million grant—our largest grant—for the Nonprofit Recovery

Fund. This fund provides flexible financial aid packages for the relief, recovery and stabilization of New York area nonprofits affected by the disaster. Beneficiaries included the Lower Manhattan Cultural Council, the sole service organization for arts and culture groups in the area, which lost its home in the disaster.

■ **Pace University** received a \$200,000 grant to offer new treatment to those who lost a loved one on September 11. Called the Sudden Traumatic Loss Treatment Plan, the program draws on cutting-edge intervention research on trauma and helps empower survivors by teaching them how to manage and control their feelings.

■ The New York City Board of Education approached **Educators for Social Responsibility** seeking special help for the children and adults most directly hurt by the tragedy of September 11. Our grant of \$150,000 enabled the organization to provide services addressing issues of fear, grief, anger, cultural/religious misunderstanding and intergroup relations in Community School Districts 2, 15, 25 and 31. The services were tailored to the needs of each: District 2 surrounds the World Trade Center site; Districts 15 and 25 have the largest Arab American populations; and District 31 was home to the most police and fire personnel.

Lessons Learned, and Still Learning

What lessons did we learn? What can other grantmakers learn from our experience? While we continue to learn from our excursion into this uncharted territory, here are three preliminary observations:

Strong senior management leadership and good decisionmaking are critical to success in a chaotic situation. We benefited from both.

Trust in colleagues is a key value at JPMorgan Chase. Senior management trusted the experience of our grantmaking staff and gave us the flexibility to adapt our existing structure to the special needs imposed by this disaster.

Patience is truly a virtue. While our instinct as individuals—especially hav-

ing been so close to ground zero—is to do something immediately, our skill set as corporate funders does not include individual disaster relief. Unfortunately, the aftereffects of September 11 will be with us for years to come. By waiting to identify funding gaps, we believe we were able to make better use of our resources.

Michael Feller is president of The J.P. Morgan Chase Foundation.