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History of Bay Area Philanthropy Series

Robert B. Shetterly

EAST BAY EXPERIENCES IN CORPORATE SOCIAL RESPONSIBILITY

With an Introduction by
Eugene E. Trefethen, Jr.

Interviews Conducted by
Gabrielle Morris
in 1990

Since 1954 the Regional Oral History Office has been interviewing leading participants in or well-placed witnesses to major events in the development of Northern California, the West, and the Nation. Oral history is a modern research technique involving an interviewee and an informed interviewer in spontaneous conversation. The taped record is transcribed, lightly edited for continuity and clarity, and reviewed by the interviewee. The resulting manuscript is typed in final form, indexed, bound with photographs and illustrative materials, and placed in The Bancroft Library at the University of California, Berkeley, and other research collections for scholarly use. Because it is primary material, oral history is not intended to present the final, verified, or complete narrative of events. It is a spoken account, offered by the interviewee in response to questioning, and as such it is reflective, partisan, deeply involved, and irreplaceable.

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ROBERT B. SHETTERLY
ca 1985

Cataloging Information

SHETTERLY, Robert B.

Businessman, philanthropist

East Bay Experiences in Corporate Responsibility, 1991, xii, 172 pp.

Former president and chief executive of Clorox Company discusses divestment from Procter & Gamble Corp., 1965, and company expansion and diversification in 1970s; affirmative action and social action in Oakland, California: creation of a company foundation, East Bay Youth Development Center, New Oakland Committee; comments on economic development, urban redevelopment, and public education; Mills College (trustee, chairman) 1971-1986; other East Bay philanthropic concerns.

Introduction by E. E. Trefethen, Jr., president, Kaiser Companies, retired.

Interviewed 1990 by Gabrielle Morris for the History of Bay Area Philanthropy Series. The Regional Oral History Office, The Bancroft Library, University of California, Berkeley.

OBITUARIES

8/29

Robert B. Shetterly

Robert B. Shetterly, a former chief executive officer of Clorox Co. and a community leader in Oakland for many years, died Saturday in Cambridge, Mass.

Mr. Shetterly, who had recently suffered a stroke, was 82.

Born in Corning, N.Y., Mr. Shetterly graduated from the University of Rochester and joined Procter & Gamble in 1936, rising through the ranks of management in the company's advertising department.

He was named manager of the Food Products Division and a member of the corporate Administrative Committee at Procter & Gamble in 1961.

In 1965, Mr. Shetterly was named a vice president, general manager and director of Clorox, which was then a Procter & Gamble subsidiary. In 1968, he became chief executive officer of Clorox. The next year, the company was divested by Procter & Gamble, but he was retained as CEO.

Under his direction, Clorox initiated a major diversification, acquiring such product lines as Pine-Sol cleaner and Hidden Valley salad dressing.

Mr. Shetterly was a director of the former Crocker bank in San Francisco, president of the Economic Development Corporation in Oakland and board chairman of the Oakland City Center Hotel Company.

He was the first chairman of the Oakland Council for Economic Development and served on the city's Economic Development Advisory Commission.

Mr. Shetterly was also a board member of the United Way of the Bay Area and a member of many other community and educational bodies.

He was named manufacturer of the year by the California Manufacturers' Association in 1978.

He is survived by his sons John of Cambridge, Robert Jr. of Brookville, Maine, and Thomas of Walnut Creek.

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PREFACE

Northern California Grantmakers and the Regional Oral History Office of The Bancroft Library at the University of California at Berkeley are pleased to present this series of oral histories documenting the growth and development of Bay Area philanthropy during the last twenty-five years. It is our hope that these memoirs will both preserve a record of the experiences and philosophies of selected senior members of the philanthropic community, and encourage greater understanding and discussion of the traditions of charitable giving.

The starting point for this series was an earlier project of the Regional Oral History Office, completed in 1976, which documented Bay Area foundation history in the 1930s and 1940s, and the evolution of issues and leadership in the 1950s and 1960s. The current series focusses on the significant changes which have occurred since that time, including the tremendous growth in corporate giving, changes in the role of the government in supporting the arts and human services, and increased collaboration among grantmakers.

Selection of prospective interviewees for the project involved many hard choices among outstanding persons in Bay Area philanthropy. The final selection was made by The Bancroft Library and reflects the broad spectrum of grantmaking organizations and styles in the Bay Area. The guiding principal has been to preserve a record of the thinking and experience of men and women who have made significant contributions in shaping the philanthropic response to the many changes which have occurred over the last twenty-five years.

Overall guidance for the project has been provided by an advisory committee composed of representatives from the philanthropic community and the U.C. Berkeley faculty. The advisory committee is particularly indebted to Florette White Pomeroy and John R. May, whose enthusiasm, leadership and wise counsel made the project possible. The committee is also grateful to the twelve foundations and corporations which generously contributed the necessary financial support to conduct the project. Members of the advisory committee and the contributors are listed on the following pages.

The director for the project is Gabrielle Morris, who conducted the previous project on the history of Bay Area foundations. The project is under the supervision of Willa Baum, head of the Regional Oral History Office, which is an administrative unit of The Bancroft Library.

For the advisory committee,

Ruth Chance
Thomas Layton

September 1990
San Francisco, California

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Ira DeVoyd Hall, Jr., Community Resources: Turning Ideas into Action

Sam Yuen, Philosopher and Community Agency Administrator

For additional oral histories on philanthropy and nonprofit organizations, consult the Regional Oral History Office.

The Regional Oral History Office would like to express its thanks to the following organizations whose encouragement and support have made possible the History of Bay Area Philanthropy Series.

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Evelyn and Walter Haas Jr. Foundation

Miriam and Peter Haas Foundation

Walter and Elise Haas Foundation

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*Deceased during the term of the project

INTRODUCTION by Eugene Trefethen, Jr.

I met Bob Shetterly many years ago when he invited me to go on his board of directors at the Clorox Company, shortly after it was divested from Proctor & Gamble in 1965. At that time, Clorox consisted of one product, Clorox Liquid Bleach, plus Bob Shetterly. I enjoyed seeing him develop the company into the very strong, diversified business it is today. It was a treat to see him operate as the chief executive officer. He basically had a good feel for people; he knew how to reach them.

Being on that board, I saw the Clorox community-relations policy in action. The whole approach was: this is the community in which we live; we want to enhance this community; we want to put something back into it. You could tell that this approach was also important to Bob's personal happiness. As long as I've known him, Bob has been a leader in the community and he and his staff people have participated in almost everything Oakland has done, whether it has been in the arts or United Way efforts or education or something else. He remained that way until he retired, and since then his people have continued to be helpful in the same vein.

In 1979 I invited him to go on our board at Mills College. Ultimately, he became the chairman and did a great job. An all-women's college was a challenge to him, because his children are all boys. He was very interested in encouraging young people of ability. As a result of that, we developed some merit scholarships at Mills to go hand-in-hand with need scholarships. As a special project for Clorox, Bob was also instrumental in setting up the East Oakland Youth Development Center and went out to raise money for that. We in the Kaiser organization helped him to do that because we believed in what he was doing.

Late in the 1960s, he and Edgar Kaiser were active in starting the New Oakland Committee to do some things that were much needed in this city. There have not been many corporations that have stepped out to take the lead in the East Bay, especially in Oakland. In the old days it used to be the Knowlands, who owned the Tribune; then it became the Kaiser companies; and subsequently it became Kaiser and Clorox.

It has been a difficult place to build enthusiasm for good works because not many big businesses are headquartered in Oakland, though a lot of small ones are. That is changing now. All of us here who care about this East Bay believe the time is ahead when Oakland is going to

become a more balanced city than other parts of the Bay Area. American President Companies now has their headquarters in Oakland. The Crowleys are just moving their businesses to this side of the Bay. We hope that Safeway will, one of these days, become more of a factor in our community.

We have the University of California statewide offices here and Mills College. And we have the Oakland A's and Warriors ball clubs. Bob helped us beat the band to get the Coliseum built so they would have a place to play. As the commute becomes more and more difficult, Oakland will become a more desirable place to live and work. We are going to see it emerge more as an entity of its own, separate from San Francisco, attracting new businesses and letters to the Bay Area.

On the philanthropic side, this should soon translate into more people of means who believe in the community and what needs doing for the community. Over the years, Bob Shetterly and I have had a lot of success in getting support for good causes. When we believed in a project and everyone knew we believed in it, it became infectious.

We have found that people of means often have not given much thought to what they might do with their wealth. But when somebody that they feel comfortable with comes to talk about making a gift to this or that, then they begin to develop ideas of their own. It is quite a thrill when you can show people how they can give money away while they are still alive and how they can help with the process.

Bob Shetterly loves people, so he is good at this kind of fund-raising. He goes at it as a challenge, an opportunity to do something for education, for culture, for economic development in Oakland. He and I have met a lot of good people while working together doing things for the community and we've had a lot of fun doing it. He is a great addition to Oakland and I hope we'll find many more like him in the years ahead as Oakland comes into its own.

Eugene E. Trefethen, Jr.
President, Kaiser companies, retired

Oakland, California
July, 1990

INTERVIEW HISTORY--Robert B. Shetterly

In planning the History of Bay Area Philanthropy Project, the Regional Oral History Office and Northern California Grantmakers were especially interested in gathering information on corporate charitable giving in the 1970s and 1980s. While business has always played an important role in Bay Area nonprofit efforts through the personal commitment and leadership of individual executives, in the past quarter century company giving has become increasingly a matter of official policy and an accepted, structured component of corporate management.

Robert B. Shetterly was invited to record an oral history for the project in order to bring this process to life. His own experiences are a notable example of both personal commitment and the development of corporate policy. His narrative describes the growth of the Clorox Company during his presidency, including the development of an organized social action program, and creation of a company foundation as a logical extension of the social action program. In addition, he discusses the East Bay Youth Development Center, the model inner-city program in which the company and Shetterly have taken special interest, as well as a number of other philanthropic ventures in which he has played an important role. The memoir also provides valuable insights on the dynamics of Oakland, California.

Shetterly came to Oakland in 1965 as a promising marketing executive for Procter & Gamble, of which the Clorox Company was then a division. By 1968, the company had been divested and Shetterly was its new president. He recalls the launching of a successful corporate expansion plan and extensive affirmative action and community affairs programs, followed in 1981 by establishment of the Clorox Company Foundation.¹ He adds that much of the impetus for the social action efforts came from Clorox's young executives and that his own initial interest had come from his then-teenage sons. The high esteem in which Clorox's community efforts continue to be held is additional evidence that they were not lip service to trade association guidelines but grew from personal conviction.

Former Kaiser executive officer Eugene E. Trefethen, Jr., in his introduction to the oral history, notes that Shetterly was a welcome addition to the small, hardy band of East Bay civic sparkplugs and quickly became an active member of numerous boards and committees. Shetterly's comments are particularly interesting in describing the economic development efforts of the New Oakland Committee and long-range

¹Although 1981 is the date listed for the official organization of the foundation, there are references to grants as early as 1979, suggesting a period of transition from an internal company giving program.

planning at Mills College, of which he was a trustee from 1979 to 1986 and chairman of the board, 1980-1986. His views on the work of the college's trustees were notably timely since, at the time of the interview, the entire Mills community was urgently debating the school's financial difficulties and whether or not to admit men as undergraduates.

Although Oakland has long been perceived as a satellite of San Francisco, which it faces across a major harbor and bridge, Clorox's headquarters city began in the 1980s to be seen as a gateway to the burgeoning business and residential hinterlands of Alameda and Contra Costa counties. One aspect of this change was the emergence in the 1970s of new leadership from among longtime African American and Hispanic residents. Although accompanied by some friction and frustration between people of color and whites, Shetterly notes that this evolutionary process included strong support from many traditional leaders. His comment, reiterated by Trefethen and others, that one of the key figures in early efforts to encourage minority leadership as well as economic rebuilding was William Knowland, publisher of the Oakland Tribune, former U.S. Senator, and, like his father, a standardbearer of conservative Republicanism, is a notable indication of a pragmatic interaction between the city's philanthropic and political arenas.

A trim, tallish person with pleasant aquiline features and a shock of gray hair, Mr. Shetterly participated in the project enthusiastically. Five sessions of approximately two hours each were recorded between January 9 and February 8, 1990, in the Shetterlys' pleasant apartment overlooking downtown Oakland. Although plagued with back problems, his energy and interest were undiminished as he provided lively detail about his many commitments over the years.

The interviews were based on a preliminary planning meeting with Mr. Shetterly and the assistance of Fred Riker, Clorox public affairs director, and Yae Shinomiya, Oakland Tribune librarian. The Tribune clippings were most helpful, as was the file of speeches retrieved from the Clorox archives, and the transcript of an earlier interview taped for a company history which has not been completed. Mr. Shetterly reviewed the lightly edited transcript of the interviews promptly and made a few minor revisions.

Gene Trefethen's introduction adds a valuable view of Bob Shetterly at work. It also provides a sense of the personal satisfactions and friendly rivalry of a couple of buddies who enjoy working on a volunteer task together.

Gabrielle Morris,
Project Director

BIOGRAPHICAL INFORMATION

(Please write clearly. Use black ink.)

Your full name ROBERT THOMAS SHATTERLY
Date of birth 28 MAR 1915 Birthplace CORNING, N.Y.
Father's full name FRED FLOYD SHATTERLY
Occupation BUSINESS EXEC Birthplace LAPEL, IND
Mother's full name LYDIA BIRNO SHATTERLY
Occupation HOUSEWIFE Birthplace ELMINGTON, IND.
Your spouse PHYLLIS GILCHRIST SHATTERLY
Your children JOHN A. DON SHATTERLY, ROBERT W
SHATTERLY JR., THOMAS MARK SHATTERLY
Where did you grow up? CORNING, N.Y. AND KINGSPORT, TENN
Present community OAKLAND, CALIF.
Education B.S. IN ENGLISH, UNIVERSITY OF CHICAGO

Occupation(s) CHAIRMAN AND C.E.O. LUMBER CO.
SUNOL, CALIF. (RETIRED 1982).
Areas of expertise GENERAL MANAGEMENT OF
CORPORATE PROJECTS ETC

Other interests or activities PHILANTHROPY WITH SPECIAL
EMPHASIS ON YOUTH AND CONSERVATION

Organizations in which you are active EAST OAKLAND YOUTH
DEVELOPMENT FOUNDATION, SUNSET TRUST
(MONTICELLO, ILL.), CHICAGO YOUTH CLUBS (MILWAUKEE)



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PROFILE THE CLOROX COMPANY

Profile of
ROBERT B. SHETTERLY
Member, Board of Directors
Former Chairman, Chief Executive Officer
The Clorox Company

Robert B. Shetterly was Chairman of the Board of Directors of The Clorox Company from January 1979 to June 1982, and Chief Executive Officer from 1968 to June 1980.

A native of Corning, New York, Mr. Shetterly joined The Procter & Gamble Company in 1936 following graduation from the University of Rochester. He subsequently held a variety of management positions in Procter & Gamble's advertising department, and in 1961 was named manager of the Food Products Division and a member of Procter & Gamble's Administrative Committee.

In June 1965, Mr. Shetterly was named Vice President and General Manager and a Director of The Clorox Company, then a wholly owned subsidiary of Procter & Gamble. He was elevated to President in April 1968 and he remained in that capacity after the divestiture of Clorox by P&G on January 2, 1969.

Mr. Shetterly is Chairman of the Board of Trustees, East Oakland Youth Development Foundation; member of the Board of Directors of Crocker National Corporation, San Francisco; member of the Board of Directors of the Oakland City Center Hotel Company, Inc.; and member of the Board of Trustees, Mills College, Oakland.

Mr. Shetterly is a recipient of The William F. Knowland Memorial Award for distinguished service to the city of Oakland. The award was presented by the New Oakland Committee, a coalition of business, labor and minority leaders which was organized to help solve Oakland's social and economic problems. Mr. Shetterly also is a recipient of the Coro Foundation's Public Affairs Award for Business, and the National Jewish Hospital's Honor Award for Distinguished Philanthropic Service. In November 1978, he was named "Manufacturer of the Year" by the California Manufacturers Association, and in February 1979, he was presented the "Humanitarian of the Year" award by the Easter Seal Society of Alameda County.

Mr. Shetterly and his wife, Phyllis, have three sons.

I PERSONAL TURNING POINTS

[Interview 1: January 9, 1990]###¹

Son Jay and the Student Nonviolent Coordinating Committee, 1964

Morris: Since what we're doing is talking about primarily the social and community concerns of the company, I'd like to start with what kinds of family traditions, maybe, there were when you were growing up--if your mother and father were active in the community, and did you do scouting or Boys Club or any of those kinds of community things?

Shetterly: Well, my mother and father were not particularly active in community affairs. My mother was a very ardent churchgoer and active in the women's portion of the church program. My father was not particularly involved in any social causes. He was a little bit involved in politics--not in running for office himself but in getting Republicans elected to office. That was his main mission.

Morris: New York state was pretty Republican except for New York City in those days.

Shetterly: That's right. It turned out that Franklin Roosevelt was very hard to beat, even in upper New York state.

I was active in the Boy Scouts and later on in youth programs. As far as any feeling of involvement in social causes is concerned, I know that my involvement in the Episcopal church in Cincinnati was a factor. This one particular rector of ours got me to thinking a little more about trying to help remedy some of the social ills.

¹This symbol (###) indicates that a tape or a segment of a tape has begun or ended. For a guide to the tapes see page 152.

A little later, 1964, the first event took place which I know, looking back, had a good deal of influence on me. That was when our eldest son, Jay [John] Shetterly, who then was a sophomore at Harvard College, became involved in and part of the SNCC movement, the Student Nonviolent Coordinating Committee. He decided that spring of '64 that he was going to go to Mississippi on the voter registration drive, which scared the daylights out of my wife and me. I never tried harder to dissuade a person from doing something than I tried to persuade Jay not to go to Mississippi. But he was determined, and he did.

There was one little aspect of it that's sort of amusing. After he finished his academic year at Harvard, he came back to Cincinnati, partly because the training course for the SNCC kids going to Mississippi was nearby. It was at Oxford, Ohio, where Miami University is. They had about a ten-day training session there for all those young people who were going down to Mississippi. He based himself most of that time at our home in Cincinnati. He had two primary things to do besides getting the training. One was to help SNCC raise money, because they just were operating on a shoestring and had hardly any money at all to cover the cost of the Mississippi expedition. Also, he had to deal with a whole stack of debut party invitations.

Morris: What a combination!

Shetterly: [Chuckles] The debut parties sort of bunched up in June in Cincinnati. He had decided to regret them all, but unfortunately he decided that he was going to combine the moneyraising effort with the regretting of the debut party invitations: "I can't come to the party. I'm going to Mississippi. Why don't you not serve any alcohol at your debut parties, save the money, and give the money to SNCC?"

Morris: What a very principled young man!

Shetterly: He was stronger on principle than he was on tact, but this became the conversation piece of Indian Hill, the scene of most of the debut parties just outside of Cincinnati. Jay Shetterly was the bad kid that summer.

Morris: Did he raise any money from this odd request?

Shetterly: No, not a nickel from that source.

Off he went, and we were very, very apprehensive. I kept calling people in Washington and whatever to make sure those kids were getting all the protection that they could get. He

came through it all right. He was shot at, but he wasn't hit. He knew those three guys who did get killed. Interestingly enough, the method of entrapping them and later killing them was exactly what they had been told to watch out for in the training sessions at Miami University. They said, "Don't get too far out, especially never allow yourself to be away from your home base after dark. Just don't do that." That's what those three guys did. They were hauled in and kept in jail until after midnight, if you recall, and then the police kindly let them loose and had a nice Ku Klux Klan welcoming committee for them.

Anyway, I became very angry at this terrible bad press the Shetterlys were getting among the mothers of the debutantes in Indian Hill. I kept hearing about how they thought this was just terrible, scandalous, and so forth, that we would allow Jay to do what he did. Over the course of the summer, my feeling changed from one of just concern about Jay's welfare to one of an active feeling of support of what he was doing. In retrospect, if he were doing it again, I would not only not try to talk him out of it, but I would have praised him for doing it. I might, however, buy him a .45 and make sure he knew how to use it.

Jay was the original liberal in our family.

Morris: Before or after he went to Harvard?

Shetterly: Jelling while he was at Harvard.

He wasn't particularly interested in social causes in high school--oh, yes, he was, too. He was a prime mover in getting Cincinnati Country Day School to accept a very bright, black student who happened to be a good basketball player. He had no money to pay for tuition, but was accepted on a scholarship basis. Jay was the prime mover on that. That was while he was still in high school.

When he went to Harvard, before his freshman year, he received the usual briefing material that you get, including a question about what kind of a roommate you wanted, and whether you'd like to room with a foreign student or an ethnic minority student of some sort of other. Yes, he said he would prefer to have an American black, so he roomed with a young man named Barry Williams his freshman year. He [Barry] was a very nice and very bright guy. He lives in Oakland now. He worked for the McKenzie people--that consulting firm in San Francisco--for a while.

He [Jay] influenced not only my wife and me but his two brothers. So we all came around pretty much. I continued to vote Republican, but in my associations around the Bay Area, I've been mistakenly invited to Democratic party fundraising activities or other meetings because they just assumed I had to be a Democrat because of the kind of thing I was doing.
[chuckles]

Son Robbie and the Earl Paltenghi Youth Center, 1965

Morris: There are a lot of people that make contributions to both parties, depending on the candidate or other things. So did you begin, then, to pay more attention to what was going on in civil rights and those kinds of issues?

Shetterly: Yes, I did, but the next thing that happened that's sort of a special thing, that really was also very influential on me, happened in the summer of '65, when I was transferred by Procter & Gamble from Cincinnati to Oakland to replace the general manager of the Clorox Company subsidiary. P&G had bought Clorox in 1957. I was sent out here in '65 to replace the then-manager of Clorox, who was hauled into Cincinnati for another assignment.

During that summer, we had contracted to buy a house in Orinda, but we couldn't get into it until September. So my wife and two of our kids stayed east--in fact, stayed at Nantucket--for most of the summer. Our second son, Rob Shetterly--Robert, Jr.--came out here in June and lived with me in a furnished apartment in San Francisco for that one summer. Before he came, he asked me if I would see if I could find a volunteer job for him, preferably with young people, preferably disadvantaged black young people. Through the Episcopal church, I managed to get Robbie a volunteer job at a youth center in the Haight-Ashbury, which is called the Paltenghi Center. It's located in the recreational annex of a Methodist church at the corner of Waller and Belvedere, as I recall it--Hamilton Methodist Church. But that summer the youth center was operated in that recreational annex to the church without any paid staff at all. I didn't know this until Robbie went down there, but they had a youngish black man named Pete Robinson who was the unpaid director of the center. He was working for Bechtel at that time, but as soon as he got off work, he'd go to the youth center and be there most of the evening. Then on weekends he would be there, too.

Robbie was one of several young volunteers who came in to help out. He was assigned the athletic program. The main thing he did was to organize a basketball team, because he was a pretty good basketball player himself. He had just finished high school, and he was going to be going to Harvard College in September. He was there all summer, and he kept urging me to come down to the center and meet this Pete Robinson and become acquainted with what they were trying to do with the kids.

I kept putting it off because I was busy enough just trying to learn my job at Clorox, so I was a little hard to get. But toward the end of the summer, I finally said, "Okay, I'll meet with Pete Robinson," and we did. I was sort of taken with the idea of the youth center, but the thing which really got me in the conversation with Pete Robinson happened when I asked him, "Well, how can I be of help to you? What do you want from me?"

He said, "Money." I said, "How much money?" He said, "Five hundred dollars." I said, "What do you want that for?" He said, "Bail bond money for the kids." That's what hooked me, because I then realized that the center was dealing with the kids who really did need help.

Pete Robinson and I became sort of a two-man dog and pony show, raising money around the Bay Area for the Paltenghi Youth Center for several years. Our objective was to keep it going, because it had no money and no prospect of any money. We had to have enough money to hire a little bit of a professional staff. The center had merit; it was demonstrating that it was needed and was productive.

We did it from a standing start, because I just didn't know anybody in this Bay Area community. Back in Cincinnati, where I had worked on moneyraising for years, I would have known where to go. Here, it was a little hard. I didn't know the people. The objective was not only to raise money to continue to operate on a year-to-year basis but to line up an ongoing source of financial support for the center, which really meant United Way.¹ I discovered after talking with the United Way people that they had to have evidence of the viability of such an enterprise, and therefore it usually took about three years of operation before they were ready to fund it.

¹In 1965, United Way of the Bay Area was known as the United Community Fund in San Francisco and as United Bay Area Crusade from 1966-1971.

Morris: Was the Paltenghi Youth Center at that point brand-new? It was just starting the year your son came here?

Shetterly: I'm a little unclear on just exactly how long it had been going on, but it had been a sort of a shoestring operation. The church didn't have money to support it. All the church did, which was generous, was to allow the kids to use the basketball court and some other rooms for recreation and meetings.

Morris: Was it an ecumenical kind of thing, if your son got connected with it through the Episcopal church and it was located at the Methodist church?

Shetterly: It wasn't deliberately ecumenical, but somehow the Episcopal church had heard about it. They had put up a very small grant --I think it was five hundred dollars--to operate that one summer.

Morris: Was that Grace Cathedral or the diocese?

Shetterly: I think it was the Diocese of California. I got at it through a college classmate of mine named Alanson Higbie who was the fairly well-known Episcopal rector of St. Paul's in Burlingame. When Robbie asked me to try to get him a volunteer job, I called Higbie, and he then put me in touch with somebody else.

Morris: That sounds like the diocese.

Shetterly: Probably was.

Early San Francisco Fundraising Experience

Morris: So how did you go about your dog and pony show? Did you make some cold calls?

Shetterly: The best source of information I had on that kind of thing at that time was the Clorox Company lawyer, outside counsel, named Joe Feigenbaum.

Morris: Mr. Feigenbaum was already on the Clorox board when you arrived?

Shetterly: No. He was the Clorox lawyer, had been for years. Actually, he played a big role in the negotiation between Procter & Gamble and Clorox. He did the Clorox end of the dicker himself.

Morris: The acquisition of Clorox by P&G?

Shetterly: Yes. A very bright man, and he had quite a social conscience. I went to Joe Feigenbaum--

Morris: He was a Republican, too, well-known in political circles.

Shetterly: Yes, he was sort of like I became. He was politically a Republican, but in social issues he was about as liberal as anybody.

I went to Joe, and he suggested some ideas. One of them was to go to the San Francisco Foundation, which I did through Emmett Solomon, who later was also on the Clorox board. He was head of the Crocker Bank, but he became one of the original outside directors when Procter had to divest itself of Clorox and Clorox had to form a board. Emmett was on the distribution committee, they call it, of the San Francisco Foundation. He didn't approve or disapprove, but he sent me to John May, who was the professional head of the San Francisco Foundation. I took him through our budget, which now seems incredibly small. What we wanted was \$24,000 a year for three years, which would give us time to demonstrate to the United Way that we ought to become a United Way agency. So they came through, and they gave us half of it--twelve thousand a year for three years, on the basis that we had to raise the balance of the \$24,000 from other sources.

With that in our pocket, then we went out to other sources. I'll never forget one interview which Joe Feigenbaum arranged and participated in. It was with the elder Walter Haas, who was, as you must know, a remarkable philanthropist in this area. He was amazing. I asked him for five thousand dollars a year for three years to be part of the match with the San Francisco Foundation. After only about ten minutes of conversation (and he had never seen me before, and he had never heard of this center before hearing our story), he decided on the spot that he would give us the five thousand a year for three years and also another five, sort of start-up money.

Morris: He and Mr. Feigenbaum had done business before?

Shetterly: They were close friends. They saw each other socially a great deal--as a husband and wife kind of thing.

So, with those two, I went to other places. One of them was the Rosenberg Foundation that Ruth Chance was running back then. Pete Robinson and I courted her a little bit, and Rosenberg came through with some help. The upshot was that we

did get our commitments for the \$24,000 a year for three years.
And then we did get the United Way funding.

II GENERAL MANAGER, PRESIDENT, AND CHAIRMAN OF THE CLOROX
COMPANY, 1965-1982

Obligation to Oakland

Shetterly: By that time, I was very, very busy with Clorox. We were divested in January of 1969. By the early seventies, I was not only very busy with my regular Clorox duties but was beginning to get a little bit involved in the social causes of Oakland and the East Bay. We felt a special obligation to Oakland, because Clorox had been founded here in 1913, and Oakland always had been the headquarters of the company. Actually, it was founded out in east Oakland, very near the intersection of High Street and the Nimitz Freeway. When I first came here in '65, the general office for the company was on the second floor of the factory out there. It was an old frame building that had a Clorox sign on it.

Morris: That's the way industry used to be.

Shetterly: Yes. Well, we grew so rapidly that we had to move. We moved our headquarters in about '71 or '72 to the Oakport area across the Nimitz Freeway from the Oakland Coliseum.

Divestment from Procter & Gamble

Morris: When you were transferred out here in '65, did you know that P&G was going to have to divest itself?

Shetterly: No. I knew that the Federal Trade Commission had been after this combination on the basis of antitrust considerations from the start and had issued a divestiture order.

[Interruption]

Morris: I was asking if you expected that Clorox would be spun off.

Shetterly: The divestiture order was being fought in the courts from 1957 --well, maybe not in the court by that time, but either preparation for litigation or actual litigation was going on from '57 until '67. When I came out in '65, my understanding that I was given by Howard Morgens, who was then the head of Procter & Gamble, was that this was going to be a temporary assignment of three or four years as general manager of Clorox, and then I'd be brought back to Cincinnati for something else. But he did say that, "If we lose the FTC case and have to divest ourselves of Clorox, you, Shetterly, are just on loan to Clorox, and you'll come back to Procter and not stay with Clorox." So that was sort of reassuring.

Morris: Did you see Oakland as being sort of banished from headquarters?

Shetterly: No. Actually, Clorox was a *jewel* of a business. Procter was very, very pleased with that company and its performance; so, no, it wasn't anything like that. But it was of very high interest to me, because it was a clean, separate entity.

Later, when the United States Supreme Court decided (in the spring of '67, after I had been there only two years) to uphold the FTC divestiture order, Procter & Gamble had to rid itself of Clorox. Then it became obvious to me, and also to Howard Morgens, that it would be better if I stayed with Clorox, because no matter how they sold the business--whether they sold it to another company or whether they sold it to the public, which is in fact what they did--we became an independent company with our shares traded on the New York Stock Exchange. Either way, continuity of management was desirable. It wasn't just I. There were twelve of us who were on loan--Procter & Gamble guys of various kinds of experience and abilities who were on loan to the Clorox Company at that time. So continuity of management became important.

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So I was asked to stay. I also asked the other eleven people whether they wouldn't be willing to stay. They had all been given the same assurance that I had by P&G, that they could go back to P&G if they wanted to. They all decided to stay, which was surprising and gratifying to me.

Morris: It must have been exciting to get to take on your own company. That's a businessman's dream.

Shetterly: That's right.

Black-White Dialogue; New Oakland Committee

Morris: Do you recall at this point what kind of a town Oakland was and what you thought about it coming in in the mid-sixties--what its pluses and minuses were?

Shetterly: Well, I had the same perception of Oakland that most everybody did, which was that although it had some fine institutions of one kind or another, and although it had some fine people, it had a lot of social troubles, especially the disadvantaged minorities--the blacks, the Spanish-speaking, and the Asians.

That was a period of a lot of unrest. That period from '65 to '68 or '69--that's when the summertime explosions took place in Detroit and Watts and wherever. It looked as if Oakland was headed for that kind of thing. An organization called the Black Caucus was formed, and they were threatening all kinds of things.

Morris: Before the Black Panthers?

Shetterly: This is before the Black Panthers, yes, and separate from the Black Panthers. People like Paul Cobb, Elijah Turner, and some other black activists were threatening all kinds of things. Fortunately for Oakland, there were some local white business leaders who decided that instead of confrontation, "Why don't we talk to these people and find out what they really want and whether we can be of any help to the situation?" The leading people in that were Edgar Kaiser, Bill Knowland, Steve Bechtel, Sr., Gene Trefethen--

Morris: He was an Oakland person?

Shetterly: Steve Bechtel?

Morris: Yes.

Shetterly: Oh, by all means.

Morris: I think of him as San Francisco.

Shetterly: Well, their corporate headquarters were in San Francisco and have been for a long time, but Steve and Laura Bechtel lived in Oakland most of all their lives.

Those were the men who started a dialogue with the black activists, and the result of that dialogue was the formation of the New Oakland Committee, which had equal representation from business, the minorities, and labor. It's still going. It doesn't have any big agenda except to communicate and put out fires, avoid misunderstandings and conflicts between those three elements of Oakland society. I was attracted to that and became involved on behalf of Clorox.

Morris: Is the New Oakland Committee the kind of thing that is dormant if there is no crisis in town and comes into action if there's a problem?

Shetterly: Its level of activity will vary depending on whether things are peaceful and harmonious or whether there's a lot of friction. When there's a lot of friction, then the committee members get busy and really try to talk to each other.

The New Oakland Committee has been a useful organization because, if you had asked me in '66, '67--in around there--when Detroit and Newark and Watts were exploding, if you had asked me, I would have bet odds-on that Oakland was going to have such an explosion.

Morris: Somewhere in there, the Ford Foundation put a bunch of money into an Oakland demonstration project. Do you recall that, or was that anything that the New Oakland Committee might have had some interest in?

Shetterly: I don't remember that. I don't question it, but I don't remember it. They would have to give the money to some sort of an organization, I would think.

Morris: It probably was sort of a cooperative project with the Bay Area Council of Social Planning, but it was a fair-sized project that went on for three or four years.

Council of Social Planning Trustee, 1970s

Shetterly: It might have been the Social Planning Council, because I got to know them. When I was hustling money for the Paltenghi Youth Center and trying to get United Way approval for the Paltenghi Youth Center to become a United Way agency, I was sent by John May, the head of the San Francisco Foundation, to the Social Planning Council to ask them to give an evaluation

of the center. They gave the Paltenghi Center a very thorough, careful review--and a critical review.

Morris: They made some useful suggestions for what ought to happen?

Shetterly: They sure did, and we heeded them. So I felt that I owed them one. So when Paul Akana came around and wanted me to head a committee to evaluate the Boys Club organization, I couldn't say no. As a result of that and some other work we did, I became a director or trustee, or whatever you call it, of the Social Planning Council. I think that that may be where the Ford Foundation money would have gone. But I'm not sure of that.

Morris: It could be, but it's curious. I came across it years ago, and it's always sort of stuck in my head, because it seemed to me like Oakland has had a lot of demonstration projects, but each one disappears into the sand, and the next one doesn't know that the previous one has gone on. The San Francisco Foundation is now involved in some kind of a joint operation to put a lot of money into Oakland social and community needs. I asked Bob Fisher if he'd seen some of this previous work, and he said, "Oh, were there some such previous studies?" which I thought was curious. Oakland is an interesting town.

Shetterly: Well, it has a lot of problems. Therefore, it gets studied a good deal.

Morris: But as you say, it also has the Coliseum and the museum and the airport--

Shetterly: And Mills College. It has some good institutions.

Morris: And the port.

Shetterly: The port is a very strong element.

Back to the foundation subject, I know that there's been an ongoing dialogue between the San Francisco Foundation and the Hewlett Foundation and one or two other big ones, Irvine, perhaps, and either Ford or Rockefeller--I think Ford--about pooling resources to undertake projects in Oakland.

Morris: That sounds like the one that I've heard Bob Fisher talk about.

Shetterly: He would be very much involved in that.

Company Expansion: Liberal Young Managers

Morris: Before we get into some of the current projects, let's go back a little bit. From speeches of yours that I've read, it sounds like between '68 and about '72 you rapidly increased the size of the company and made corresponding increases in employees.

Shetterly: Yes, we were growing very rapidly. We were doing it largely by acquisition of other products or companies at that time, because we didn't have a research and development organization big enough to do our own new-product development work. When Procter spun us off, we only had two people you could really call product development people in our technical laboratory. It was just a tiny thing. Also, because of that, we had to rely, initially, largely on acquisition of other businesses as a way to grow rather than to develop our own new products from within. We had to scramble, and we did. We knew that it would be foolhardy just to go out and hire a whole bunch of technical people. That's no way to build an R&D organization. You should build it one or two people at a time, gradually. So we did a lot of acquiring, and it was several years before we brought out our own, the first product that we developed internally. That one was Clorox 2, which was a dry bleach, a non-chlorine, all-fabric bleach. That was and is a very solid success. With that one exception, for the first two or three years we grew by acquiring businesses. I don't know that we doubled our manpower or womanpower within the first couple of years, but we grew.

Morris: Yes, from '69 to '73--this is the speech you made to an economic opportunity conference. You mentioned that Clorox expanded from five hundred employees to eight thousand, from thirteen plants to seventy.¹ [whistles] Those are pretty impressive figures.

Shetterly: There were a couple of big ones in there. One of the large ones was the Martin-Brower [Company] acquisition, which was largely paper-products distribution to the food-service industry. McDonald's was their biggest customer. They had a lot of people. With some of the other acquisitions, we brought in quite a few people, too. Well, if I said it, I think there's a fair chance it was true. [chuckles]

¹R.B. Shetterly, "Responsibility for Equal Opportunity...The University or Corporation," *Business Tomorrow* conference, November 20, 1973. See Appendix.

Morris: Reasonably accurate, yes.

The comment that caught my eye was that it required bringing in a lot of new managers, not the R&D people, but new managers. I wondered if you were looking for something special and were concerned about not only their business management experience but their community potential.

Shetterly: Our primary criteria would have to do with their business capability and estimated potential business capability. If an individual looked as if he or she did have a social conscience, why, we liked that because we wanted the company to be involved in local causes. It wasn't just my idea, either, by any means --I'm talking about the general matter of the corporate involvement in social causes. It was quite a few of the young people that we were hiring. This is the age of the protestors and the very, very concerned young people in colleges--I could say, of my own sons. Some of these bright young MBAs that we might hire out of Stanford or Harvard Business School or wherever, we not only brought in and put to work, but they started--several of them--agitating for Clorox to become more involved in social causes locally. They were a very liberal-minded, concerned bunch of people. That was the anti-Vietnam era.

Morris: You had the anti-Vietnam protests going on sort of right there at your feet outside the plant.

Shetterly: That's right. Also, just civil rights concerns.

Morris: That's not the typical image of the MBA. The MBA has come to be a sort of a negative term in recent years.

Shetterly: Yes, he's an incipient yuppie.

It wasn't just the MBA, but it included them. But these kids, they had taken a two-year course. Before that, they were at some other college for their undergraduate work, and they had developed these same concerns and interests.

Morris: When you're looking for a big pool of new managerial talent, did you go primarily to the colleges and get them fresh out of school, or did you look--?

Shetterly: We did both. We just didn't have time to hire only new graduates. We had to hire some experienced people, so we did both. We had a couple of headhunters working for us most of the time. They would recruit largely from other companies. If we were looking, say, for a regional sales manager or

supervisor of a food-broker network in a given area, they would go to the other companies in the grocery products business and try to seduce somebody or other into coming to work for Clorox.

Morris: You must have had a good personnel manager, or needed a very good personnel manager, to handle that kind of expansion.

Shetterly: Well, we had qualified people working on it. We didn't have a personnel department of any consequence, originally. The operating departments would do their own personnel work, largely. We had a centralized recordkeeping and payroll administration and so forth, but the sales vice president would either himself or have somebody who worked for him do the company end of the recruiting of salespeople, for example. Manufacturing, the same, and advertising, the same.

The temptation, of course, was to go back to Procter & Gamble where we knew the people, and we knew the quality of the training, and the quality of the screening, and all that. We knew they were bound to have, on the average, more qualified than most other companies for the kind of work that we wanted done. But we got a little static from P&G. I got some rather irate phone calls. As a result, we decided that we weren't going to raid that company. We were just not going to do that. We had special knowledge, and it wasn't really a very fair thing to do. If, however, one of their people responded to a headhunter's general search--a guy who was searching nationally across the country. We wouldn't turn him down. We said that again and again to the P&G people. I'm not sure that we ever were believed by some of them. But that was the case, several times, when one of their key people would call us up and say he wanted to talk. Ed Shutt, for example, who was CEO for a while, came to me. I didn't go to him. Jack Collins, who just retired this past December, was a P&G vice president who came to us. We didn't go to him.

Community Involvement

Morris: When you were in the advertising phase of your career for P&G, did that put you with the responsibility for P&G's community involvement activities?

Shetterly: No, not because of being in the advertising organization, but P&G was a very involved company in local affairs. They encouraged their people, especially the middle managers, to become involved in raising community chest money or--I was one

of the P&G guys who went into the Cincinnatus Association, which was an organization of more or less political do-gooders.¹ It grew out of the upheaval in the early twenties when the local Republican party got so corrupt that a lot of concerned people, Democrats and Republicans, just got absolutely sick to death of it and formed this Cincinnatus association as a sort of political-action outfit. The result is they threw the crooks out and put in a city manager form of government. It was organized as a charter party which actually resulted in the city adopting a charter which included the city-manager form of government. But I was one of the ones, and there were several of us out of the Procter & Gamble company that were in the Cincinnatus Association. P&G encouraged that sort of thing.

Morris: You could take time off during the week as needed and things like that?

Shetterly: Sure, within reason.

Morris: As long as the rest of your responsibilities were handled?

Shetterly: Yes, that's right. A lot of that work had to be done during the normal nine-to-five workday. You couldn't do it at night. If you didn't overdo it, why, that was fine.

Morris: Is that common, people being encouraged to do community service, in the food service and household consumer--the companies that have closer relationships with the public?

Shetterly: I don't know whether it's more common with consumer products companies than it is with other companies. I don't know. I know that it's usual that in consumer-products companies, the good ones, there's some degree of involvement--there are people in social causes.

Morris: Is it just that middle managers can pick their own interests and follow them, or is there some kind of guidance at the corporate level?

Shetterly: Well, sometimes there's a little pushing to get a particular guy to get involved in a particular activity. There's some of

¹Former governor Edmund G. Brown, Sr. refers in his oral history (*Years of Growth, 1955-1966*, Regional Oral History Office, University of California, Berkeley, 1982, p. 60) to a New Order of Cincinnatus, a similar organization which was active in Seattle and San Francisco in the 1930s.

that, but there's no general pattern, really. I think most of us would gravitate to the things that interested us the most.

III SOCIAL CONCERNS: CORPORATE AND PERSONAL

Clorox Contributions Budget: Industry Standards

Morris: So you brought that tradition of community participation with you from Cincinnati. Was there much in the way of an organized community program when you got here?

Shetterly: Almost none. Clorox was just not involved. In the first place, it had been operated by Procter & Gamble as a wholly-owned subsidiary for years, in complete control of any budget for contributions for local causes or institutions. The complete control of that was with Procter & Gamble. They treated the Clorox company as if it were a P&G plant some place. So we had a tiny, tiny budget. I think it was \$30,000 or \$40,000 a year when I came out here.

Morris: And the decisions were made in Cincinnati?

Shetterly: In Cincinnati, and before money was disbursed or given away to anybody, it was done on a written recommendation to the Big Daddy in Cincinnati.

Morris: You were interested in changing that before the divestment?

Shetterly: When we were divested, we had to decide, "Now, what are we going to do about the contributions budget?" We eased into it. We had a very modest one originally, and it gradually grew. Then, through involvement in trade associations and whatnot, we became familiar with what other independent companies did and how they worked it, and so forth. We got ideas or criteria-- what is a good rule of thumb for determining how much money you ought to give away in a year. We discovered that there is a fairly general pattern of 1 percent of pretax profit of the preceding year that is budgeted for the new year. That's not invariable. There are companies that go as high as 2 percent. In fact, I know one very prominent one, the Dayton Hudson Company, that's a 5 percent company.

Morris: That's a kind of a 1985 goal--the 5 percent, I think.

Shetterly: Well, most companies didn't come anywhere near that. In fact, it was quite a struggle to get up to 2 percent. You have to do a balancing act with that kind of thing. You've got to think about your shareholders, and you're very vulnerable if you're seen to be giving too much money away.

Evaluating United Crusade Giving Patterns, 1969

Morris: You made the comment in one of your speeches that company giving is a cost of doing business.¹

Shetterly: It should be regarded as such, yes. We always believed that.

Morris: This was a speech that you made to a conference in Santa Barbara about the study that you chaired, evaluating the United Crusade's giving for all--

Shetterly: Was that when I was working for the Social Planning Council?

Morris: Right. That must have been quite an undertaking.

Shetterly: Well, it was. As I recall, although I chaired that--

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Morris: I was wondering whether the volunteer committee did the work or whether you had some staff for it.

Shetterly: We had staff help, too.

Morris: Would this be while Paul Akana was the executive director?

Shetterly: Yes.

Morris: Somehow, once having gotten into United Crusade funding, everybody heaves a great sigh of relief and figures they're set for life. What kind of response was there when United Crusade asked the council to review the patterns of giving and whether they should continue to give to those organizations?

Shetterly: I don't understand what you mean.

Morris: What I wondered was, if the study was considering whether some of the people being funded should maybe not be funded or if they should be funded at different levels or how to make room

¹R.B. Shetterly remarks, Western Regional Conference of United Community Funds and Councils, Santa Barbara, April 17, 1969. See Appendix.

for--

Shetterly: What we discovered was that although some change seemed to be called for, getting much change actually accomplished was a different and difficult matter.

Morris: Can you recall a little bit more about what produced that--why you decided that?

Shetterly: Oh, I remember one thing. This had to do with the special review of the Boys Clubs. These are local units of the Boys Club of America. We discovered that the Bay Area Crusade, or whatever its name was then, was sort of a victim in the respect that Boys Club seemed to go on adding and establishing new Boys Clubs on the assumption that they would have United Way funding without any prior review by United Way. They were not going to hold still for that kind of expansion as compared with other ways of spending United Way money.

So that led to quite a bit of controversy between United Way and Boys Clubs and the Social Planning Council. I got tangled up in that and ended up in a session over in San Francisco--I guess it was at the United Way headquarters, or it was then Bay Area Crusade, I guess. I was across the table from Clarence Woodard, who was the head of the Oakland Boys Clubs and a board member of the Boys Clubs of America. Now at that little confrontation, not a hell of a lot changed or happened, except that Clarence and I became good friends-- [chuckles]--have been ever since. We were on opposite sides of the table, but we enjoyed the back-and-forth. We continue to see Clarence frequently.

Morris: Was the United Crusade view that each new Boys Club was a separate organization and had to start from scratch going through the application for funding?

Shetterly: That was one of the approaches that they were talking about. What I think was the best thing that came out of it was simply the idea that it is somewhat irresponsible for the Boys Club just to proliferate, assuming United Crusade support without advance discussion of it. I think probably the only really tangible benefit that came out of all that work and pushing and pulling was that the Boys Club people became much more conscious of the need to bring along the United Crusade in their planning stage so that they didn't get too far out in front of the troops.

Morris: And the United Crusade's funding ability.

Shetterly: Yes.

Funding New Organizations; Council of Social Planning Functions

Morris: Would this study that you worked on have also dealt with non-member organizations, particularly serving the minority community? They were beginning in the sixties to say, "How come it's so hard to get United Crusade funding? How come you're funding all the same old organizations, and here we are, new organizations, more representative of current critical needs?"

Shetterly: We dealt with that somewhat. I don't remember the particulars of it, but I think any such study would lead you there, because the biggest question of all is whether you're going to just continue to support the present organizations that you are supporting and have any increase in total funds available go into those established organizations, or are you going to consciously plan to make room for new ones? The United Way, for some years now, has very consciously tried to make room for new ones.

The trouble is, though, that at any given time, there are probably well over a hundred, maybe 130, 140, or 150 organizations who are applying for United Way funding. Even in a good funding year, they might have only, say, \$200,000 or \$250,000 available for new organizations because of their commitment to continue to support the established ones. They have to be very, very selective in what they do about new ones.

Morris: Was that sort of a difficult issue to sell to United Crusade people, that they needed to think in terms of bringing in new organizations?

Shetterly: I think that automatically became a subject. It just did-- just the pressure of things. People are always applying. The United Way had a staff of people who would review and evaluate. After they quit using the Social Planning Council, they did it in-house. The subject of new organizations was always a continuous review process.

Morris: Did you have any feelings about the departure of the Council of Social Planning? At one point, there was an Oakland unit, and a Berkeley unit, and a San Francisco, and the different counties. Did you have any feelings, pro or con, when the

decision was made to disband the small local ones and then just work through an area-wide organization?

Shetterly: I don't remember being concerned, particularly, about that. I don't remember.

Morris: That was a great concern at the grassroots level.

Shetterly: I can see why it would be. In fact, I remember the fact of it. It was a concern, yes, but I wasn't much involved in that subject. The Berkeley people would want to have a Berkeley office, and the Oakland people would want to have an Oakland office.

Morris: It's kind of a local clearing house and local place to talk out your organizational hassles.

Shetterly: "We would like to get a more interested, sympathetic review" and that sort of thing.

Morris: Yes. Also, at a less sophisticated level, a place where local people involved in service organizations could meet just to get to know each other and to thrash out operational questions and respond to concerns in the individual community. Nothing ever seems to have grown up to replace that kind of function.

Shetterly: I think that the big sources of funds like United Way, like San Francisco Foundation and Hewlett Foundation, Irvine and all-- they do it largely in-house. There are people who are sort of freelance consultants who work in that field. They might serve two or three different foundations, for example. I know a couple of such people.

Morris: That's kind of what Martin Paley does now.

Shetterly: I'm not up-to-date on Martin since he left the San Francisco Foundation.

Morris: He has an office in San Francisco, and he's been helping the Koret Foundation through a time of transition. He is staffing a new committee, which is sort of a Bay Area 2000, that Michael Heyman is chairing now that he's getting ready to phase out of the [University of California at] Berkeley chancellorship.

Shetterly: I didn't know he was getting ready to phase out. Is he?

Morris: Yes, he's been chancellor for ten years, if you can believe it.

Shetterly: That's hard to believe. Seems like he's the new boy in town, still, to me. He's a pretty good man, I think.

Morris: Yes, he is, and his personal career has been a lot of troubleshooting for the university. This seems like a good spot for him to move into. He certainly knows the players.

Shetterly: Oh, yes.

Establishing a Company Community Affairs Section, 1972

Morris: If you're good for another few minutes, do you want to tackle another question?

Shetterly: Sure. We can go for another thirty or forty-five minutes.

Morris: Okay, let's see where this takes us.

In 1972, you seem to have decided that the company was doing well in its new independent mode. In a speech, you said that in mid-1972, "we started to give more of our attention to social responsiveness" and in August of '72 set up a formal program.¹ Do you recall whether that was a matter of board discussion or whether it was a matter left to internal departments?

Shetterly: Well, we had a progressively larger budget for our contributions budget each year as we went along. As it increased, the need to manage the contributions subject well also increased. We hired people to do that work. That was about the time when another change--I'm sorry, to finish off that: We had never had a person as manager or director of community affairs. That's when we hired somebody.

Morris: Who did you find for that job?

Shetterly: I've forgotten whether David Way was the first or not. David Way, and, before that, who would it have been? Pat Marino came after David. I think maybe David Way was the first person we had in that work.

Morris: Had he had some experience in this kind of activity?

¹R.B. Shetterly speech, *Managing Affirmative Action* seminar, April 2, 1975. See Appendix.

Shetterly: He was at Kaiser Steel, I think. He was in one of the Kaiser companies, anyway, and he had been in their community affairs work. They had gotten overextended in that direction and had several people, more than they needed. About the time we wanted to hire somebody that was experienced and knew the territory, David became available. I forgot whether somebody called me up and said, "Could you use a guy like this?" or whether David came on his own or what, but we did hire him for that purpose. I think he was the first.

Finding a Project for Clorox to Sponsor

Shetterly: About that time, another change was taking place with respect to the program of community activity on the part of the company. We had decided quite early that the matter of just doling out money out of a budget each year to a lot of worthy causes was certainly better than not doing it, but that it really was a fairly sterile kind of activity. Encouraged somewhat by the attitude of some of these Young Turks that we were hiring, we began to look around for not just a way to spend money well on a social cause but for a particular social cause and the need that it represented that would involve our people as well as any money we wanted to give in support of the activity.

So we figured that Oakland, being our hometown where the business was founded and that had always been the headquarters of the company, was the place where we ought to look to see whether there wasn't some local need in Oakland, and especially in East Oakland, because the company was founded out there-- some need that wasn't being met that we could manage to try to meet. Remember I mentioned Pete Robinson, the volunteer head of the Paltenghi Youth Center? He came to us and wanted to work for Clorox. We hired him. I think he was under David Way in the community relations activity. For almost a year, his assignment was to make a study of the social needs in Oakland and come up with a recommendation as to what particular project we should try.

Morris: That the Clorox company might sponsor or set up?

Shetterly: Or adopt or whatever.

Morris: Did Robinson have some training in this area?

Shetterly: No, he just had a lot of interest in it. He did engineering work for Bechtel, so he wasn't a specialist. He just got interested. He was living over in the Haight-Ashbury area, and he had three young children. He became aware of the Paltenghi Youth Center and took it on as a volunteer job for himself. He retained that kind of interest.

He made this study. He talked to social workers. He talked to park-recreation people. He talked with the school people, the board of education, about what kind of real need was there for something or other in Oakland--a really clear and important need. It could not be something that was too big for a company like ours to try to handle. We were not all that big at that time. So after a year of such study--we worked with the police department, too--he came up with two alternative recommendations: either to set up a string of day-care centers for working mothers in single-parent households or a youth center along the lines of the Paltenghi center in San Francisco.

We were undecided which way to go. Finally, because of the fact that Pete Robinson and I and another Clorox person or two had some direct experience with that Paltenghi center, and made a lot of mistakes and learned from them, and knew what such a center should be trying to do and how it ought to be organized to get it done, and on and on and on, we decided that we would have a better chance for real success--which, in other words, means getting something really accomplished--in the youth-center business than in the day-care business, just on the basis of experience.

IV EAST OAKLAND YOUTH DEVELOPMENT CENTER

Marketing the Building Project

Shetterly: So we decided to go with the youth center. It was going to be in East Oakland. This had to be a black youth center, because East Oakland at that time was about 99 percent black--the area that I'm talking about, the flatland area. We talked to some of these black adults who were interested in that sort of thing. A real question became one of how do we do this? Do we build a brand-new facility from the ground up? Or do we do what we were urged by some of those blacks to do--not try to build a new center, but to get hold of an abandoned supermarket or something like that and revamp it. It would be a much cheaper way to go.

Morris: And get a piece of blight off the street, too.

Shetterly: We concluded that we didn't want to do that. We wanted to have a first-class facility, one that the kids and the staff would be attracted to and be proud of. We didn't want to seem like some sort of threadbare, beat-up social agency operating on a shoestring. So we went the route of finding ourselves a piece of land and then getting an architect to design a facility. Then, of course, we had to raise the money to get it done. Clorox wasn't going to do it all.

We didn't think it was appropriate for Clorox to try to do all of it--too much of an impact on our budget--but we would take the responsibility of seeing to it that the money was raised. So we had this building designed by the architect and developed what we thought was a very conservative cost estimate, even with a pretty good contingency reserve in the budget. Our first estimate was that we could bring in this facility for \$835,000, I think it was, equipped with a gymnasium and everything.

So we set out to buy the land and raise the money. We really worked at it. I did, in particular, going largely to foundations. I remember some unusual things. I remember I had heard that there was a foundation based in Reno called the Max Fleischmann Foundation. That was an old Cincinnati product, Fleischmann's yeast and Fleischmann's gin. He had a place at Glenbrook on Lake Tahoe, forty acres right on the lake. He had died, and his widow, Sal Fleischmann, was still alive, I believe. This foundation that was then functioning was run by their own little board, about five or six guys, who met in the bank in Reno. I arranged for an appointment, went up there, and asked them for \$400,000, which was almost half of what we thought the thing was going to cost. They didn't give us all of it, but what they did do was give us \$200,000, provided we got it matched elsewhere. That was the first real big step toward getting the money together to build that center.

In the Bay Area, we went to about everybody among the big foundations. We went to Cowell. We went to San Francisco. We went to Irvine. We went to Rosenberg. We went all over the place.

Morris: Did this involve a written proposal?

Shetterly: Usually.

Morris: Or when you're company president, can you just get an appointment and go in and talk--

Shetterly: In the case of Fleischmann's, I just went in and talked. But what I discovered was that after the appointment was made, but before the meeting in Reno took place, one of their guys came down and checked up on us down here. They admitted that at the meeting. They wanted to check up on Clorox and me and the project itself.

In that case, we didn't need the written proposal. Usually, we did. We did whatever the prospect wanted.

Morris: Like a very specialized form of marketing, it sounds like.

Shetterly: Yes. So we went ahead with fundraising, and we went ahead with the building. Every time we turned around, the estimated cost went up. It ended up costing a million-six instead of \$800,000. But we got it built and finally opened the doors in 1976.

Morris: In January of '76, you were writing a letter to the *Tribune* thanking the *Tribune* and thanking the city council for its

financial support. You got some money from the Oakland City Council?

Shetterly: We did. We didn't even ask for it. They heard about this and wanted to be part of it. They had a lot more federal money available for this kind of thing then than they do now. Who was the black guy who was head of the economic development? John B. Williams.

Dave Way said that John B. Williams wanted to talk to us. We took John Williams to lunch, and over the lunch table he told us he was giving--I've forgotten how much money. It was quite a bit, like \$150,000 or something like that. As a result of that, technically, the youth center belongs to the City of Oakland. That's just technically. There was some legal requirement that they were the owners of the property.

Job Opportunities for Youth (JOY) Program

Shetterly: That has happened subsequently--not just for construction money but for operating money, the city has come to the youth center. I remember, for example, the centerpiece program at that center is what we call the JOY program, Job Opportunities for Youth. That has to do with training and motivating kids to get themselves a job and keep a job. It became the central program of the whole center. It's been very successful.

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Training of the young in the JOY program stressed the disciplines that you must observe: you had better show up on time, and so on. For several years--I'm a little out of touch right now, although I'm very much a part of the action on the youth center still--we were averaging over three hundred job placements a year, and that's out of the total number of available kids, at any one time, of about a thousand.

Morris: About a thousand kids were signed up with the youth center?

Shetterly: Yes. The regular attendance at any given time is about a thousand kids. Then they would rotate in and out, of course. But to place three hundred a year, we think, is pretty good. We made comparisons with other governmental agencies and other bodies like PIC [Private Industry Council] or whatever that were in a similar business, trying to place these disadvantaged

kids in jobs. We were placing more than most other agencies and at a lower cost per placement.

Morris: That's impressive. Does the center include some energetic job developers--people going out looking for jobs for the youngsters?

Shetterly: Yes. There's one area on the second floor of the center which is almost entirely devoted to the JOY program. There are a couple of counseling offices, but then there's a generous-sized classroom with tables and chairs around and the regular setup for instruction. So the job-training program takes place there. Then, once the young person has successfully completed that training, he or she is turned over to a placement office down at the other end of the hall. They have the responsibility for developing job opportunities and helping the kids to apply for them and get hired. It turns out that about half of the kids, once they've completed that course, get their own jobs and don't need the placement office. The other half do need it.

Morris: They're sufficiently motivated to go out there and beat the bushes?

Shetterly: Yes, and this emphasis in this JOY program goes back to our original concept, which was developed out of the Paltenghi experience; which was that a youth center--the kind we wanted, anyway--should not just be a recreational center or even a cultural and recreational center. It ought to place its primary emphasis on ways and means of motivating and helping these young people find their way to a solid career for themselves--a solid, productive life, whether that means going back to school for the dropouts, or whether it means going on to college for those that have the capacity to do so, or whether it means finding a job. That's where the emphasis would be. Out of that thinking came this idea that the JOY program would be the most important thing that we do.

Morris: Does the counseling include some help in thinking about college and dealing with all that maze of paperwork?

Shetterly: Yes. Counseling--we have a couple of people who do nothing else--professionals. It usually starts with the kid, the young male or female who has a problem or whatever. It often gets to be a whole family counseling operation. It brings in a mother, and a father if there is one, and maybe even siblings. The matter of going on to college is very much a part of it. I wouldn't say it's the primary subject discussed in these counseling sessions, but--

Morris: If a youngster seems to be college material. What's the male-female ratio of youngsters enrolled?

Shetterly: I think it's still about what it was. It was about fifty-five/forty-five. Fifty-five male, forty-five female.

Morris: Are these post-high school age youngsters?

Shetterly: The bulk of them range from about thirteen to twenty-one. As a practical matter, there are some younger kids that come into the center. Often that's just because they're being taken care of or watched after by the older brother or sister. So they themselves can come to the center, they bring the little kids along with them.

Also, what I started to say earlier about the city of Oakland--the JOY program was designed originally to go from about age thirteen to twenty-one; in fact, the bulk of it from about sixteen to twenty-one, high school-age kids. The city came to us and said, "Why don't we give you some money so you can enlarge your program to take it up to age twenty-five or twenty-six." We accepted that. It is enlarged to that extent now.

Morris: That's quite a span. Twenty-five and twenty-six year-olds are a very different kettle of fish from thirteen, fourteen.

Shetterly: That's right. Therefore, you have to bear that in mind in the training sessions and how you organize that.

Morris: The activity program, too.

What kind of interaction is there with the Boys Clubs and Girls Clubs, most of whom also seem to be interested in job preparation and things like that?

Shetterly: Well, the Boys Club of America, the Oakland Boys Club--there's one located only a matter of three or four blocks from the East Oakland Youth Center; a black guy named Marion Sims is the executive director of it--they were nervous about our coming out there and setting up a new youth center. My friend Clarence Woodard, who continues to be interested in the Boys Clubs and active in that movement, was concerned about it until I explained to him, really, that we are supplementary to the Boys Club, because they lose their kids at about the age of thirteen, because there aren't any girls in the Boys Club. The natural progression is to go from that Oakland Boys Club out there in East Oakland right down the street to the youth center and pick it up there.

- Morris: Are there any ground rules or hazards about having boys and girls in the program?
- Shetterly: No. They sort of sort themselves out by activities. We've had a pretty active sewing instruction group up there. That seems to catch girls.
- Morris: Not many boys are interested in sewing.
- Shetterly: No. Then they have an art program. There's no sexual difference there; they take both. I think we get a few more girls in there than we do boys. But in the sports part, there's a natural separation of a girls' team and a boys' team. That's true from basketball to track. They have a very good track team out there. They go into national competitions. But our philosophy is, yes, we'll have the athletics program, we'll have the other programs--more or less, cultural programs--in the center, but we regard it as bait to get the kids in. After they're in, then it's a matter of establishing a relationship of trust between the staff and these kids who are often alienated against society in general, so that they can be motivated and encouraged, helped to make something out of their lives.
- Morris: With a focus on finding jobs.
- Shetterly: Jobs is the biggest single focus, although attention is given to other back-to-school or remedial education. We do a fair amount of remedial education there. We try to get as much as possible done in the public schools themselves by working with teachers and principals, but there's quite a bit of remedial work in English and in math--train kids up to a, what do they call it, a GED?
- Morris: Yes. General Equivalency Diploma.
- Shetterly: It's supposed to be high school equivalent.
- Morris: Most of the people working with youngsters in recent years have been concerned about keeping kids off drugs or getting them off drugs and also concerned about the hazards of teen pregnancy. Are those issues that the youth center deals with at all, or do they leave those to others?
- Shetterly: It's impossible to avoid them completely, even if we wanted to, which we don't. We don't want to set ourselves up to be a drug-treatment facility or even a drug-education facility, but we have to include it in the counseling. We have to be aware of it all the time, to encourage the kids to keep the pushers

out of the center. One of the things that we learned over at the Paltenghi center--it was really a surprise to me to learn that the kids regarded that center as "their place." They knew that drugs meant trouble, and if a kid came in there trying to peddle drugs, they got him out of there themselves in a hell of a hurry. We tried to encourage that philosophy at the East Oakland Youth Development Center. They're the best policemen in the world, the kids themselves.

In fact, because of knowing all that from the Paltenghi experience, before we ever built the center, Pete Robinson and I went out to East Oakland and met for lunch the heads of three street gangs who were more or less headquartered at Castlemont High School. What we wanted to do was to find out whether they would favor the availability of such a center and also whether they would be interested in helping discipline the troops once the center was open for business. They said yes on both counts.

Morris: That's wonderful. That's fearless. Did you have some trepidation about going to that lunch?

Shetterly: No. These were very bright kids. Their dress and table manners were a little unusual for me, at least, but they were bright. You could tell that they--

Morris: Pete Robinson had found these young fellows and made the contact?

Shetterly: Yes. He, being black and a very gregarious kind of fellow, didn't have much trouble finding out who they were and making their acquaintance.

Morris: Did he have any trouble establishing his credibility? You know, some dude coming around--

Shetterly: The Uncle Tom problem?

Morris: Yes.

Shetterly: Not very much, I think. We did get some sniping from some of these sort of professional blacks in the black community, but generally not. Pete had a very engaging personality, and he could talk the street language with anybody.

Morris: Is he still with Clorox?

Shetterly: No. He finally left the company under his own power. What happened was that, as he was working along in this community

affairs area, he got more and more interested in the operating end of the company. He wanted to be part of that action.

When we bought the Martin-Brower Company, he wanted to get a job managing one of these distribution warehouses that Martin-Brower had scattered around the country. So we said we would give him a try, and we put him in as an assistant manager, where he would learn the ropes for a while. Then he took over one. He was not really equipped to do what he was trying to do. He was sort of overreaching himself, and he finally realized it. So he left the company. He's living in downtown Oakland some place now. I've forgotten what his job is.

Morris: You mentioned that he had some engineering training. I know there's a black engineers' group that is working on finding jobs for young blacks. I wondered if he may have gone to that.

Shetterly: Maybe he's involved in that. I don't know. I've just sort of lost touch. Since I've been all the way retired and we've been spending half the year in Nantucket, I just haven't been able to keep the contacts here.

NIH (Not Invented Here) Problem

Morris: I think it's absolutely fascinating, what the youth center has done. Have you loaned people out to other places in the country, trying to experiment with the same kind of program?

Shetterly: We've had some contact with other communities who have heard about this particular center. I thought that it would be just marvelous if we could make this one successful and then make it a model for doing the same thing in Detroit and Newark and wherever. But there are two things that prevent that happening. The biggest one is what we call the NIH syndrome-- that's "Not Invented Here." People are very reluctant-- especially if they're involved in some kind of social community work anyway and have a lot of pride in what they do--just to adopt what the other guy has developed. It's a very serious disease in the corporate world, you know.

Morris: No, I didn't. I thought the corporate world was perfect.

Shetterly: The guy who acquainted me with the NIH syndrome was a man named Bill Vaughn, who was chairman of the Eastman Kodak Company and who served for quite a few years on the Procter & Gamble board

of directors. I wasn't on the Procter board myself when I was there, but I was manager of the food products division and therefore had a fair amount of contact with board members, including outside board members for one reason or another.

So I mentioned to him some problem that we were having, and he said, "Well, the problem in transplanting a given program or activity or advertising approach or whatever it is from one party or company to the other is the NIH problem. That's especially dangerous when it applies to getting your people, say, R&D people, to evaluate a new product that somebody comes along with and wants to sell to the company. There's where it's especially dangerous.

"I had a direct experience with that subject myself at Kodak. It was a few years back--a man came to see me, a man named Ed Land. He said he had a remarkable new camera that he had developed, and he thought Kodak should be interested in acquiring it or working out a royalty arrangement. I did what anybody else would do. I turned it over to the head of R&D for evaluation. After a few weeks, the head of R&D came back to me and said, 'He didn't really have a hell of a lot here. It's a pretty good idea, but we could do it ourselves. He claims he's got patent, but there's always a way to get around things like that.'"

So Bill Vaughn called up Ed Land and said no. And there came Polaroid. [laughter]

I've had the experience of *exactly* the same principle. It's a very tough disease.

The other thing that made it difficult to transport our kind of youth center to another town is that we realized, after we looked into it two or three times, that finding the corporate backing is the key, and not just several different companies--one company which would regard this as their baby. It is essential to the success of what we've done here in Oakland, because it isn't just money, it's effort. It's both, really--and dedication, and so forth. You go around and you find that there are a lot of very socially responsible corporate people in this country, but each one has a different approach or wants to go at the problems in a different way and they want to do it their way. They have a right to do it their way. So the NIH plus the need to have one corporation come forward and take the responsibility--those were the reasons why we haven't been able to transplant our kind of a youth center all across the country.

- Morris: Those are absolutely fascinating ideas, when you consider the amount of literature you read and speeches you listen to, saying that "ideas are so hard to come by, and we're always talking to people and going to conferences looking for good ideas." Nobody really wants to try. What you're saying is, it's hard for people to really accept somebody else's idea.
- Shetterly: Oh, yes, they're threatened by them, or just their professional pride makes them feel that they've got to demonstrate to somebody, maybe even to themselves, that they can do whatever it was that Ed Land did for that camera. You know how that ended up.
- Morris: The Polaroid Company was a massive success.
- Shetterly: They were a massive success, but also they got a massive court judgement on patent infringement, and Kodak has had to pay millions and millions of dollars to Polaroid. Kodak did try to copy it.
- Morris: That sounds like a good place to stop for today. I really enjoyed that.

V WORLD WAR II ARMY EXPERIENCES: BOB McNAMARA'S STATISTICAL CONTROL INNOVATIONS

[Interview 2: January 16, 1990]###

Morris: This morning, I wanted to go backwards a little bit and ask you about that statistical control program that you went through when you were in the air force and ask if that was helpful in your later work in the business world and exposed you to some different ideas about management.

Shetterly: Well, I got into uniform a little later than many. I had a bum eye which put me in what they called a limited-service basis. For a while, they weren't even taking limited-service people, but finally I was drafted in October of 1942 and, after basic training, went to radio school in Chicago to learn how to be a radio operator mechanic on heavy bombers. When I finished the course, the army discovered something they knew all along but didn't pay any attention to, that I couldn't possibly serve in a heavy bomber because of the bad eye.

So they put me to work teaching the course that I had just taken. I did that for a while in Chicago, and then they shipped me out to Sioux Falls, South Dakota--still as a teacher in the same course at another base. They put me on the night shift. Not only was that not so peachy, but the fact was that all of the students I had were washed-out air cadets who had been in pilot training and by that time--this was in '43--the army was beginning to pull down its pilot training program. They were just turning out more than they were going to need. So, through no fault of their own, these guys were washed out, and they sent them to radio school. If you want a challenging assignment, try to teach anything to a bunch of washed-out air cadets between the hours of midnight and six in the morning.

Morris: Good heavens! I'd think you'd have a morale problem.

Shetterly: [chuckles] Just keeping them awake was tough. I wanted to get out of there, so I really scrambled and got myself sent to OCS, Officer Candidate School, at Miami Beach. One of the options

there was stat control, which I knew nothing about until I was told about it then, and then I decided I would like to try for that and was accepted for it. The statistical control program was initiated in part by Harvard Business School. It was an effort to modernize and make more effective and efficient the information-gathering function in the army air forces.

Morris: Was this something, would you know, that Harvard had been working on in its business school?

Shetterly: No, there were a couple of the professors who were asked by the army to see what they could do about developing such a system. There were at least two that I knew, because I took courses from them, who were involved in developing that program. It was highly dependent upon electronic data processing, primarily IBM [International Business Machines] equipment.

Morris: Was that electronic yet, or was that the old mechanical data-processing cards?

Shetterly: I guess that was electric then, not electronic, but it was based, at that time, on the old standard punchcard, which was sort of the core of the system--eighty lines across. The punchcard was a part of the system; this is well before the more advanced things that finally led into computers and whatever.

Anyway, I was sent to Harvard Business School along with a bunch of other guys in the same class from the OCS program at Miami Beach--it was the last two months of a four-month training program--and from there was assigned directly to Patterson Field, Dayton, Ohio, which was the second largest headquarters unit of the army air force's statistical control system, second only to the Pentagon--I guess the Pentagon was being built then, but what became the Pentagon. I had several assignments there. The first one was a payroll project. The people in the stat control system were very, very eager beavers, very ambitious, and they wanted always to enlarge and make more important whatever it was they were doing. So they wanted to take over the payroll function for the headquarters there at Patterson Field but also the depots and other installations around the country. So I was assigned to help work out the proposal to--

Morris: Enlarge the scope?

Shetterly: The command to transfer the payroll from whatever system was being used--I've forgotten what it was now. I think it was probably an NCR [National Cash Register] system; but,

regardless, our proposal to the command to change to an IBM system was rejected.

The next significant assignment was to undertake an effort to clean up and make more useful a report called the Procurement Status Report. The army air forces bought hundreds of thousands of different pieces, parts, equipment, whatever, for use in all the different operations of the air force, and there was a monthly report which was compiled on the IBM equipment, which was supposed to show every item of all this--say it was five hundred thousand, I think it was something like that, five hundred thousand different items--the part number, how many on order, how many have now been delivered, and how many remain to be delivered. This was updated every month, so it was a very voluminous report, and it was then so loaded with errors that the people who were primarily the users of it, who were the supply division of the air service command, just couldn't use it effectively to decide what to do about ordering, or not ordering, or scrapping, or whatever, a given item, because the information was capable of so much erroneous data. So we went to work on it, and it was a project that lasted at least a year, I think.

Just about the time that we had got the report in fairly decent shape, and the supply division people were beginning to have some confidence in it and actually use it instead of just taking bootleg stuff from the suppliers--bootleg information from Curtiss, or whoever it was that was supplying a given airplane or the parts for it--[chuckles]--just about the time this got to be fairly usable, this was in August of '45, the bomb dropped on Japan, and all of a sudden the air force had a whole new problem of what to do now about terminating contracts, stuff like that. Like every other G.I., I was delighted that the war was over.

I was frantic to get back to Procter & Gamble in Cincinnati, because there was a particular job there waiting for me. The job would be becoming the brand manager on a new product that was going to be called Tide, in the advertising department of Procter & Gamble. I was just very, very anxious to get out of the military, but I still had a healthy interest in helping to see to it that the procurement status report was going to be handled after the war in a way that would prevent the recurrence of the terrible mess we had gotten into.

Morris: Would Procter & Gamble have used any similar kind of record-keeping in terms of the kind of materials that they needed to order and put their different products together?

- Shetterly: Well, Procter & Gamble used IBM equipment, but we didn't have the voluminous reports. The monthly Procurement Status Report stood this high [gesturing]--one copy of it.
- Morris: It looks like about four feet tall.
- Shetterly: Yes, a big stack about this high. That's one month's report. Procter & Gamble just didn't order that many different things.
- Morris: A couple of questions occur to me. Would Senator, later President, Harry Truman have come by to look at your operation at all during his inspections and investigations of possible irregularities in military procurement?
- Shetterly: No, he would get at it from a different perspective, I think. He never came to Patterson Field in the couple of years that I was there--three years, I guess, I was there. He had a different way of going.
- Morris: The work that was being done by your command was not related to any congressional investigations of possible irregularities? It was just because the military itself felt the need of--
- Shetterly: We were in the business of providing information. It wasn't of the kind--except in some sort of special situations--of information which would turn up any cases of fraud or any other irregularities of that type.
- Morris: Would that kind of special training and statistical service unit have had any minority military people in it?
- Shetterly: There were a few blacks, but not very many. The selection of the people that went into the statistical control system--one, they had to be above average in IQ, and, two, it was very desirable if they had some business experience, especially accounting experience. Well, those are the main things. At that stage of the game in the military, there weren't all that many blacks that filled those two requirements. But there were some.

However, a thing which might be of interest is this terrible fact: when I was finally able to extricate myself from the military so I could go back to Procter & Gamble and take that Tide job, which wasn't going to wait for me much longer, I was still interested in helping to make sure that what we learned about how to process this and similar reports accurately, and so forth, on IBM machines, was used as a more or less permanent piece of experience and could be built on and further improved and so forth in the future. When I was saying

goodbye, I went in to see my then boss, who was Bob McNamara, who was a bright young fellow and who had gotten in the army earlier than I. I think he was a major or a lieutenant colonel by that time, probably lieutenant colonel. He was in charge of the Patterson Field stat control unit. So I said goodbye, and he said, "I'm sorry, I have to tell you something." I said, "What's that?" He said, "The decision has been made, despite a lot of protest from me and others, to revert the Procurement Status Report to a manual system."

The way it had gotten on the machines in the first place was that, right at the outbreak of the war, all of a sudden zillions of dollars of stuff--all kinds of parts of airplanes and whatever--were ordered, just boom, boom, boom by the procurement division. The matter of keeping the record for the Procurement Status Report, which had been easy to do manually in peacetime with just a card for each part that you would send in from depot at each month and so on--that easy routine took a lot of man-hours. That was great with the civil service, you know. They loved to have as many people as possible under their command. But it could be done and was done quite accurately. But when the war broke out, and all this tremendous letting of contracts got going, all of a sudden, they had rooms full of these cards [laughs], and nobody knew what to do with them. That forced them to convert to the IBM system, but then it took the rest of the war to straighten out the IBM system. So that was a great disappointment.

But a thing which might interest you about the stat control system was that months before I got out of the military, I was approached by my previous boss in the Patterson Field stat control office, Washington headquarters, and asked to join a bunch of stat control officers to provide a cadre to install the controller function using the stat control training and experience for the Ford Motor Company. Tex Thornton, the top man in the stat control system, and others had gotten to know Henry Ford the younger--the son of the old man who started the business--during the war. Henry Ford was concerned about the fact that the Ford Motor Company had never had an adequate accounting and controller setup. Old Henry didn't worry about things like that very much.

So these guys were organizing a cadre of young eager beavers out of that stat control system to go to Detroit after the war and install this system. I was asked to be one of them before and after I got out. I remember the night I told them no, and I went home to report to Phyllis, my wife, that I had turned them down, and I was surely going to go back to Procter & Gamble. But I told her at that time that, "I bet you within

ten years from now, those stat control guys will either be running the Ford Motor Company or they'll be out on their keesters."

It was a mixture of both. Tex Thornton, who was the head man, got fired by Ford because he was so aggressive, so eager, so ambitious that he was forcing new Ford cars down the throats of their dealers in greater quantities than they could get rid of. Many of them were going broke around the country, because he was just so ambitious. He left and formed Litton Company [Industries] in southern California. Bob McNamara was another one of them. You know his history.

Morris: He went back into government.

Shetterly: Yes, he did, but before he did, he was head of the Ford division of the Ford Motor Company. My onetime boss, Jack Reith, became head of the Mercury division. Arjay Miller was one of them. He ended up out here as dean of the Stanford Business School.

Morris: Did those ideas developed in the air force become standard in the business world?

Shetterly: I don't know whether these had an influence much broader than the Ford Motor Company. I don't know that they didn't, but all of the alert corporate people were staying abreast of the development of the mechanized recordkeeping and then the development of the computer and electronic data processing. How much of the stat control experience went beyond the Ford Motor Company, I don't know. I doubt if it was much of a factor.

I think it was useful experience; it acquainted all of us who were engaged in this activity with the capability--what can be done with the IBM system as it then stood. It was worth knowing. Most of us didn't become expert in running the machines.

Morris: Well, you don't need to in top management, do you?

Shetterly: No, no. It's handy to know what the machines are capable of doing in the way of information-gathering and correlating and whatever.

VI CLOROX COMMUNITY DEVELOPMENT PROGRAM

Affirmative Action Plan

Morris: Then we can go back to where we left off last week. We were just starting to talk about the Clorox community responsibility program that you were developing in the seventies. We talked a little bit about the economic development side. This morning, I'd like to ask you how the company went about developing an affirmative action plan, and what made the officers decide that it was time to develop an affirmative action plan.

Shetterly: Well, the real push, of course, was legislation requiring affirmative action, and so we responded, as most companies did, with a positive effort to comply, not only because it was the law of the land, but because we thought it was right that it was the law of the land. We made sure we had people to administer the program. We hired a couple of people who worked in that area.

Morris: For your personnel department?

Shetterly: Yes. Of course, there was an awful lot of record-keeping, you know, and reporting and whatever as there always is in any federal government program. We accepted the goal of bringing the percentage of minorities on our payroll up to the percentages that a given majority represented in our home base population in the Oakland area. If the Bay Area is 25 percent black, for example, which is about what it was, our objective was to get our black employment up to 25 percent or thereabouts within a fairly short period of time. We did fairly well, and the reason we did well and perhaps better than some companies was that we were growing so rapidly. We were adding people, and we didn't have to fire a bunch of people in order to increase the black percentage or the Hispanic percentage or the Asian one.

Morris: So there were new jobs which you could bring minorities into.

Shetterly: Yes. We had new jobs, and it's much, much easier to accomplish these affirmative-action goals when you're expanding and hiring people than when you're stable. It's almost impossible when you're going downhill to make much progress from wherever you are. So we accepted that, and because we had that advantage of growing, in terms of people on our payroll, fairly rapidly, we were fairly successful in meeting the goals. The goals that were hardest were the goals of bringing minorities and women up into the management of the company. The percent in middle management or above was very small at the start. It improved quite a bit in subsequent years, but it was still small.

Morris: Where did you go looking for minorities and women? Did you change your recruiting procedures at all?

Shetterly: Well, we didn't really have to change all that much, because by that time, we had hired quite a few people with specialized or advanced training. We hired a lot of MBAs. By that time, there were quite a few minority people and women in the Harvard Business School, Stanford Business School, and so on.

Morris: What about the competition between corporations? There are only so many minority MBAs every year.

Shetterly: That competition was definitely there, and the only really bad thing about it was that it developed an arrogant attitude among people taking the MBA courses, because they were being competed for so aggressively, including the women. I was amazed at that. They were not shy young ladies. They were aggressive, and they wanted to have every bit of the importance and every bit of the salary that that job could justify.

But we were successful. We did bring in a lot of very bright women, some of whom were black. Most of them were not. We also brought in quite a few very bright black people who have gotten into at least middle management, and some have a little more potential than that.

Morris: Did you bring in some Asians or Hispanics? Were you looking for them, too?

Shetterly: Oh, yes, especially Hispanics, but some Asians. We seem to do better with the Asians at the technical center out of Pleasanton. The technically trained Asians, for some reason, seem to gravitate into Clorox more than Asians with other kinds of training.

Morris: Well, I was wondering about women, too. This may be sexist of me to say, but do you find a difference in women's performance?

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Shetterly: I think that there is in some areas. I know that in the brand-management area, women seem to have an appreciation for the needs and desires of the female consumer--a better appreciation, more sensitivity to it than most males. In some ways that gave them a special advantage in brand-management work, which deals with the marketing of the goods to the consumer and the advertising of the goods to the consumer. I was a little surprised and quite gratified. Shortly before I retired from Clorox, I saw a listing of people in the advertising organization: There were more women in brand-management work than there were men. They got there because of merit. It's quite impressive to me.

Morris: Did you do any management training within the company?

Shetterly: Oh, a great deal. The style of building and training an organization that we used in our brand-management organization was the same style that we learned from Procter & Gamble, who were pioneers in this idea, starting back in the twenties, of assigning in their advertising department a sort of general responsibility for a given product to an individual. Then the individual became a brand manager and had one or more, three or four, helpers in his little brand group. That brand manager was the only individual within the company that was interested only in that one product and not anything else. He was also interested in and was required to be interested in anything at all which could affect the marketing success and profitability of that product. Although this brand manager didn't have authority over manufacturing, or product formulation, or sales to the trade, or whatever, he had a legitimate and required interest in all those fields. So he was the one central point in the company where everything that affected that product came together.

That kind of work does require a good deal of training at Procter & Gamble, and at Clorox, because we learned our trade at Procter & Gamble. We relied entirely on on-the-job training. We would bring in a young assistant brand person who would learn by doing, and [we had] consistent emphasis on the training obligation at each level of management. For example, in the preparing of written reports or recommendations for some kind of action--those things back at Procter & Gamble and at Clorox often, especially for the new person being trained, were rewritten and rewritten and rewritten. In some ways, it was very inefficient. It just took forever to get this proposal in shape to be presented to management for a decision. The experience was that that painstaking training process was

justified. If there was some crying emergency where a decision had to be made, yes, Procter could always move things around very quickly if they had to, but in a normal course, this training procedure, which was all on the job, was from a standpoint of getting decisions made, a very inefficient system, but a good system.

Morris: But it does involve the person in the process more. Is the theory that they defend their proposal or learn how to make it more effectively?

Shetterly: Sure.

Morris: As the percentage of women and minorities in the company increased, was there any need for any intergroup relations work with the existing employees?

Shetterly: Well, we were careful to circulate internally once a month our standing, our progress, on the affirmative action subject. So all of the employees got the *Diamond*, which is a house organ, every month. It reported how we stood, not only how the company stood but how each headquarters stood, and plants, and all, and also how each department within the general office stood. We learned that it was important that the top management let it be known that we were very interested in this, so when I was CEO, and after we got going on the affirmative action subject, I reviewed with the officers of the company and the management of each different department the report for that department, each month, personally--how you are doing, and what are the problems, and why did you slip back this month, and what are you doing to stimulate the program?

I think the biggest reason why we did well on affirmative action was that we were adding people, but I think the second biggest reason that we did well was that all of our management knew that this was the way we were going to go.

Interaction with Other Corporations

Morris: How about any kind of businessman's group or committee to share ideas on affirmative action or to encourage companies to keep moving in this direction--is there anything like that?

Shetterly: There were discussions of this. I became active in the Grocery Manufacturers Association and became a director of it. This is a national organization of people--

Morris: You were president one year, weren't you?

Shetterly: No. I became active and a director also in the NAM, which is the National Association of Manufacturers. In those early years of affirmative action, that subject was on the agenda of almost every meeting we had, and there would be some sharing of experience and so forth in that kind of a group.

Locally, most of the heads of the larger Bay Area businesses got to know each other well, and sometimes an organization like the Bay Area Council, for example, which I was a member of--we talked about this subject, and what the problems are, and so forth. That was the heads of all of the larger companies. Chevron was on it, and Bechtel was on it, and on this side of the bay, there was Kaiser Aluminum, and Kaiser Industries, and Safeway, and Clorox, and whoever. In that kind of a gathering together of people, the subject was often discussed.

Morris: Was there a sense that some companies were more enthusiastic about this than others?

Shetterly: Yes. Everybody gave it at least lip service, but those who really tried were obvious. For example, Levi Strauss was very determined on the subject. They were good at it. Some of the other companies--Chevron--they had a program, and they complied, but I don't think that they had the strong, aggressive feeling about the thing that Levi Strauss did, for example. And I'm not knocking Chevron.

Morris: One wonders if there are some differences, perhaps, between Richmond as a community and, say, Oakland or San Francisco as a community that might make a difference as to how a corporation responded.

Shetterly: I don't know. [pause] I suppose that a company headquartered in a city which had a large and militant black or Spanish-speaking or Asian element, especially the black--I suppose a company headquartered in a city where you had this very, very militant black population would be more sensitive and would respond more strongly than a company headquartered in Minneapolis, where the minority population is small. In Oakland, the total minority population is about 65 percent and in the high 40s, black. So, automatically, we not only wanted but needed to pay a good deal of attention to the subject.

Morris: Were you hearing about affirmative action from the political leadership as well as the corporate leadership?

Shetterly: Oh, yes, we sure were.

Morris: Back as far as when John Reading was mayor?

Shetterly: When Reading was mayor was about the time this subject was heating up, but yes. I saw a good deal of John and since have seen a good deal of Lionel Wilson and other blacks in the city government.

I don't know whether I'm giving you what you're looking for or not.

Corporate Giving Programs: 1%-2% Industry Standard

Morris: Yes, indeed. I'm interested in the corporation as a community citizen. Going back to your 1972 social responsibility program--one of the items that Clorox was giving attention to was its own corporate giving program. How did that evolve? Had that increased as the company became more involved in the life of the community through affirmative action?

Shetterly: Yes, it increased. As I told you, when Clorox was part of Procter & Gamble, we had a tiny, tiny contributions budget, and we were treated like a Procter & Gamble plant, almost. Procter had a very tight control over that budget. But when we became independent, then we simultaneously were growing very rapidly and our sales and earnings were increasing very rapidly. Therefore, we had more money available if we wanted it, and further, we were getting more and more involved in community affairs as a company.

We wanted to do as much as we could justify to the directors and shareholders, so we rather rapidly increased our total budget for contributions. In so doing, we tried to sort of look around and see what was par for the course. We didn't want to get so far out in front that our shareholders and directors would get on us for giving too much money away--the shareholders' money. On the other hand, we wanted to be respectable. That's another way in which an organization like the NAM was useful to us, because we could compare notes with other companies. Also very useful in that one was the Conference Board. I don't know whether you know what the Conference Board is or not.

Morris: I'd like to know more about it.

Shetterly: It's sort of a business-research organization based in New York. They have a very blue-ribbon board of directors and a sizable staff of good people who research all kinds of things of interest to business, especially to management of businesses. One of the things they keep track of is the size of the contributions budgets of the leading publicly owned companies. They issue periodic reports on that sort of thing, and their meetings have this on the agenda sometimes. A pattern developed which showed that a typical percentage of the pre-tax profit that was represented in the contributions budget was about 1 percent of the pre-tax profit of the year preceding the year to which this budget is applicable. I think we talked about this last time.

The Conference Board primarily, but also the NAM and the GMA associations, gave us access to the experience of other companies, and that way it was sort of easy to establish what is regarded as par for the course, as to how much of the shareholders' money ought to be given away and how to use this. So we worked our way fairly rapidly up to that 1 percent figure, and then for several years we were trying to edge up higher and did get a little higher. I've forgotten what the figure was the last year I was there, but there was a fairly general movement around the country, and especially in the Bay Area, to try to work everybody up to a 2 percent level. It was of mixed success. Some companies got there, and others didn't. The last I knew, Clorox hadn't made it all the way there.

Morris: When you say there was a kind of an effort to raise the Bay Area's participation, was this through the United Way or through the business--

Shetterly: No, this was just the percentage of pre-tax profit that is represented by the contributions budget of the given corporation.

Morris: But who was encouraging the increase?

Shetterly: Well, some people in the trade associations were. The federal government was pushing the subject.

Morris: Really?

Shetterly: Oh, yes. When the--

Morris: Is this in the seventies?

Shetterly: Well, some of the seventies, but especially in the eighties. It even started in the Nixon administration, but especially in

the Reagan administration, when the word was that the federal programs, social programs, had to be trimmed, there was a lot of push to get the corporate world and private philanthropists to take up the slack. That was part of the effort to get the corporations to get up from 1 percent to 2 percent.

Morris: How did people at Clorox management feel about, in effect, Clorox helping to replace the funding for what had been a federal program?

Shetterly: Most of us thought that it was a little bit unrealistic of the federal government to expect anything like a dollar for dollar replacement of the money that would be cut from these tremendous federal budgets. But we acknowledged that some increase was going to be necessary, especially in the field of education and some other fields. We were generally positive. Most of our people felt quite positive--I did--about increasing the budget partly to help replace some of the cutbacks in federal spending, but there are a few business people who got really heated up about this. I remember Mervyn--what's his name? The man who founded the Mervyn--

Morris: Mervyn's department stores?

Shetterly: Yes. What's his last name? Morris. Heck, I know him perfectly well. I've sat in meetings with him. But he has launched a personal crusade to persuade companies around the Bay Area to get up to 2 percent. He formed a 2% Club. He spent an awful lot of time and effort. Mervyn Morris.

Morris: It is Morris--no relative.

Shetterly: [chuckles] He's a very potent cookie. When he sold his business to Dayton-Hudson, he went on the Dayton-Hudson board, and there's where he got infected with this, because Dayton-Hudson isn't just 2 percent. They're a 5 percent company. They're one of the few in the country--perhaps the leading one in the country. So he got religion there.

Morris: And then brought that enthusiasm back to the Bay Area?

Shetterly: He adopted a less ambitious goal than 5 percent. He just knew, as a businessman, it was too much dislocation of everything to try to go quickly from 1 percent to 5 percent. But to go in a period of two or three years from 1 to 2, maybe so, if your business is doing well.

Morris: Would the Bay Area United Way have been in support of this move to increase the corporate giving?

Shetterly: I don't think they would take a position of that vis-à-vis the corporate world. They depend so heavily on the corporations for in-plant solicitations and so forth that they wouldn't go around trying to push them around very much.

Morris: I ask, because looking over United Way and United Bay Area Crusade materials over the years, it seems to me like the chronic concern there was, "How are we going to increase the amount of the total annual take during the fall campaign?"

Shetterly: Sure. I'm not aware, at least, of any significant incorporation of this 2 percent idea into the United Way--

Morris: Trying to raise its goal?

Shetterly: I think it would be bum politics for them to try to go telling all these companies what they ought to take out of their profits and to give away because they've depended so heavily on the companies. We at Clorox, and a lot of other people, have really gone all out on the United Way campaign every year with our own employees, and quite successfully.

Gifts to United Way and Black United Fund

Morris: Have you loaned some people at the middle management level to the centralized campaign for United Crusade?

Shetterly: Oh, middle management and up. Our top officer group has been heavily involved.

Morris: Does that classify as a business expense or as part of your community activity program?

Shetterly: This is meeting part of the obligation of the company to the community. I think most of the more enlightened companies feel that way and this is not peculiar to Clorox or Kaiser Aluminum or anybody else.

Morris: What was the impact on your company when you start getting the combined health campaign, and then, in the last ten years or so, we've had a Bay Area Black United Fund also wishing to make workplace solicitations? Does that complicate things?

Shetterly: Yes, it does. This is a very tricky business. We were brought into it from the standpoint of helping to create this Black United Fund organization in a way which didn't have an

immediate weakening effect on the overall campaign. It was pretty well worked out, I think.

Morris: How did that come about? Is there a reason that it was Oakland headquarters rather than San Francisco, or San Mateo?

Shetterly: Oh, a couple of these guys--I've forgotten their names now--

Morris: Would you have worked with Steve Brooks at all on that?

Shetterly: Yes. I guess he was the key professional on that campaign, and other black leaders in Oakland volunteered, including politicians.

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Well, now, where were we?

Morris: I was asking about the discussions that led up to setting up the Black United Fund and how that was worked out.

Shetterly: Our attitude, and I think this was a general attitude among business people who were involved in the United Way campaigning every year--our concern was, yes, the idea of having a sort of extra dimension and at least a somewhat additional--at least, in part, additional--source of funds for the United Way, we liked that. But the concern was not to set it up in a relationship to the overall United Way campaign that it had the effect of weakening it. There was a lot of back and forth, and apparently--I don't remember any important, specific idea or event that helped resolve it, but I gather the two have been functioning more or less separately for several years now.

Morris: Was part of the discussion that the contributions to the existing United Way from black businesses and black families were not as high as expected?

Shetterly: That was part of it, that blacks were not supporting it as well as they could. And the black leadership--some of them were recognizing that. Steve Brooks, for example, was recognizing that. So that was an important consideration. One of the problems that had to be dealt with was the desire on the part of the people who were interested in the black United Way to increase the number of social agencies that were funded by the United Way in the black community and increasing the amounts of money that the already members were getting. It had to be handled with care, because if you allow them to earmark most all of the money that's gathered by the black United Way

organization for black social agencies, you can drain off money that would have gone to other agencies, whether they're white, or black, or yellow, or whatever they are, and create a problem for the overall United Way effort.

Morris: So part of the original plan was that some of the money raised by the Black United Fund would go back into the United Way allocation process and be available to all the member agencies?

Shetterly: Yes, but there had to be a balance there. I gather it was worked out all right. I was not actively involved in the United Way annual campaign after about 1980, and then I quit altogether in '82, so I'm not current on what's going on now.

Morris: This morning's *Chronicle* has an article saying that somebody's done a study indicating that black families who give, give a higher percentage of their income to charitable causes than white families.

Shetterly: That wouldn't surprise me, because their incomes are lower.

Morris: Right, but the percentage--

Shetterly: It would be a factor in a higher percentage.

Morris: That's true. That's an interesting point.

Did it affect, do you recall, in the first years that it was done, the giving at the workplace to the United Way itself?

Shetterly: I don't recall ever making that comparison between black and white giving among our employees. I don't know that anybody ever made that comparison. I certainly didn't.

Morris: Right, but it didn't seem to affect the totals going into the United Way giving campaign?

Shetterly: What did affect it, as far as the corporate solicitation of its own employees, was to have a strong, strong officer high in the company, who would spend a lot of time and run it. It was important that he enlisted a very strong group of middle-management-and-below people, departmentally, who conducted this campaign. So the guy at the head of it had the job of seeing to it that we had some darned good people, men and women, and black as well as white, working on it.

Morris: Did you get volunteers, or was it a matter of saying, "You, you, and you will work on the company United Way campaign this year"?

Shetterly: Probably a mixture. [chuckles]

VII CLOROX COMPANY FOUNDATION

Organization

Morris: At what point did the company's increase in giving and involvement in these other activities bring about the idea that there should be a Clorox Company Foundation?

Shetterly: It seems to me that was founded in the mid to late seventies.' There were several reasons why we believed that it was desirable. Again, we learned from experience of other independent corporations and publicly owned corporations. One reason for having a foundation is to enable yourself to build up a fund that has some reserve monies in it, so that if a year or two from now you have a bad year in respect to total corporate earnings, you don't have to trim back in the support you give to all these different social agencies around the community and can continue at a more or less steady level of giving. That's one of the benefits of having a repository for money that can be built up beyond the needs of the year right ahead of us for that reason. And then there are other reasons --the psychological advantage of having this, more or less, the foundation and the administration of the giving program sort of separately managed and not part of the line organization and line responsibilities of the company management, but set apart somewhat so that it could have its own bunch of people running it and concentrating on it.

Morris: Is managing a philanthropic foundation that much different from running a manufacturing plant?

Shetterly: Well, some things are similar, but some others are very, very different. I'd say they're quite different. [pause] Well, some things would be the same. A sense of fiscal responsibility is necessary in both cases.

Morris: So were there some people particularly in the company that you wanted to move into the management of the foundation?

'The Clorox Company Foundation reports that the foundation officially began in 1981. By 1979, a Dorothy H. Carson was Contributions Coordinator for the company, according to the National Directory of Corporate Charity, San Francisco: Regional Youth Adult Program, 1981.

Shetterly: There were people who were already in the community affairs arena, who were natural people to bring into it. That Clorox Company Foundation has its own board, and they're almost all Clorox employees.

Morris: Is that set up in the bylaws, or is that just happenstance?

Shetterly: Bylaws of the company?

Morris: Yes, or the foundation. Is the foundation totally separate, with separate bylaws?

Shetterly: Yes, it does have its own charter and bylaws. I haven't even thought of that for so long, but, yes, of course it does. There are certain people who just naturally belonged in it because they were already involved in the giving program we already had or participating in administering it. This woman named Pat Marino, for instance--she belongs on that board. Another woman named Carmella Johnson, who is a Hispanic--very bright people and very much involved in community affairs and social causes. She's full-time on it. I don't know who else.

Morris: Didn't you say that David Way was active in it?

Shetterly: He's retired now, but, yes, he was very much involved originally when we first set it up.

Morris: It's into its second generation of board members.

Shetterly: Yes.

Morris: Was there any thought of including some outside board members?

Shetterly: I've forgotten where that now stands. I know we talked about it, and it seems to me that we not only had somebody from the accounting end, or the controller's end, of our business involved, but, also, through them, the [pause] an investment consultant or somebody like that--I know we've done that with the Youth Center Foundation. We have representation from the controller's end of the Clorox Company but also an outside professional investment advisory kind of person.

Morris: As a board member rather than somebody you have on a retainer to provide technical assistance.

Shetterly: We have this investment consultant on a retainer. No, he's not a board member, but he reports to the board and works very closely through our controller representative on the foundation board. So, in effect, there is communication every month, or

every whatever, between the rest of the foundation board and the outside investment manager.

Youth Center Foundation: Separate Fundraising and Program Operation

Morris: At some point, there was also a foundation set up for the East Oakland Youth Center?

Shetterly: Yes, that's what I was just talking about, as a moneyraising arm for the center.

Morris: Separate from the management of the center.

Shetterly: Yes.

Morris: What a great idea!--speaking from a long experience with the PTA and similar organizations.

Shetterly: Well, the reason we wanted to make sure that it was separate is that we had experience--I have and a lot of other people have experience--with what can happen in a social agency which is heavily dependent on contributions from foundations, corporations, individuals, whatever--outside money. If the management of the agency has to do a lot of the fundraising itself, it can distract the attention of the management away from the business of running the agency to a point that's very damaging. So we didn't want Connie Dyer, who is the black woman who is the executive director of the youth center, personally spending much of her time on any fundraiser. Now, she does some anyway, but that's largely with the government agencies that she works with, and she's well-positioned to do that. We wanted her to run a center for the kids and run it right and not have to spend even 25 percent of her time raising money, because in some of these agencies, the executive director, the paid head of it, is spending 75 percent of his or her time raising money and not paying much attention to tending the store. So that was our reason.

Morris: That's very sound and really interesting. If you set up a separate foundation, presumably that has a staff person who is spending all of his or her time raising money.

Shetterly: We don't have a full-time director for the Youth Center Foundation. We have one or two people who spend part of their time doing the staff work for the foundation and the board of

the foundation. We keep the management of the youth center as a separate entity and not mixed up with the foundation, and the youth center has its own entirely separate board of largely community people.

Morris: Right. Who approves the budget for the youth center?

Shetterly: The foundation.

Morris: [chuckles] I see.

Shetterly: We're the source of the money.

Morris: Right.

Shetterly: Well, its own board has to approve it first, but once they've okayed it, why, then it comes to us.

Morris: This is a new wrinkle in nonprofit organization, which I think is very interesting. What's the working relationship between the board at the youth center and the board at the foundation? Is there much overlap?

Shetterly: The executive director of the youth center attends all of the meetings of the foundation. At least one and often more additional members of the board of the youth center also attend foundation meetings.

Morris: Like the financial officer?

Shetterly: Could be. In fact, he usually does. There's an obvious need for close coordination between the two, and we see to it. Also, some of our trustees on the board of the Youth Center Foundation attend board meetings of the center itself. One of our women is on a basis where she attends every meeting. She's supposed to, and she wants to. Her name is Cab Rogers. I don't know if you know--her husband runs Dreyers Ice Cream. That's not her real name. It's Kathleen. Her nickname is Cab; she goes by Cab. We also always have representation on that board of the Youth Center Foundation from the Clorox management. Currently, there are two Clorox officers on the board of the foundation.

Morris: Two officers?

Shetterly: Yes. Lee Griffey, who's a vice president of the Clorox Company, is one, and Bill Osterland, who at this writing is assistant treasurer at the Clorox Company.

Morris: Who was it that created this interesting separation and separate organization?

Shetterly: I was involved. I got help from Bill Towers, who was then the chief financial officer of the company. I got help from our people in the tax department to make sure we set it up in a way that was best from a standpoint of tax-exempt gifts and so forth. It was sort of an informal working group that worked it out.

Other Philanthropic and Business Leadership; Bay Area Council

Morris: I was wondering about some of the local banks which seem to also be a presence in getting things going in a nonprofit community.

Shetterly: What about them?

Morris: If there was some advice or input from some of the bank people who specialized in charitable giving or management of charitable organizations?

Shetterly: Let's see. Most of the big banks have a foundation that they use as their giving instrument. We must have talked with the Bank of America people, for example. They had a big one, and they've had it for a long time. Crocker Bank--I was a Crocker Bank director for years until Wells Fargo bought it out.

Morris: That's a great loss in the community. The Crocker organization goes back almost as far as Wells Fargo in the Bay Area.

Shetterly: Yes, and it was a significant entity and was involved in community affairs, in some ways more than Wells. First Interstate was also active. But it was easy for us, knowing what we wanted to do, to talk with people like B of A people and Procter people about how you set this up, why do you set it up, what's it supposed to do.

Morris: Years ago, there used to be a kind of a committee of the banks, a clearinghouse that used to make sort of informal decisions on small local gifts to worthy causes. Again, I had some experience with that when I was wearing my community hat. I wondered if that ever operated at the larger level, if the banks were a place that you could go if you were thinking of starting a new organization like the youth center, to get some advice or if they kind of put out the word that these are good

organizations, and these are less well-managed ones for banks, because their financial institutions haven't played any special role in Bay Area giving patterns or customs.

Shetterly: I'm not sure what you're getting at there.

Morris: Well, on a broader level, who you look to for leadership in the Bay Area. Are the banks leading players?

Shetterly: In the general field of philanthropy?

Morris: Right.

Shetterly: Well, some of them were very much so. Some of them were not so active. But if one were to say, "Who are the ten top business people?" you'd have to include at least two, maybe three, bankers in that group. To get almost anything done in the way of community or social causes, the real movers on this kind of thing would be the CEOs of your leading corporations--for the most part, industrial corporations, but also the banks, too. I remember again and again, in all kinds of--you get people together in an outfit like the Bay Area Council, for example--you always had Tom Clausen there and had Tommy Wilcox, but before him, Emmett Solomon for Crocker, and so on, across the board. You had one of the top people at Chevron and certainly Levi Strauss. They all sort of worked together. Over here, in the East Bay, you had Cornell Maier, and Gene Trefethen, and Jim Vohs, and whoever else.

Morris: Is it that they make it a point to keep in touch with the different aspects of social and cultural life as well as the economic life and see to it that questions get raised?

Shetterly: Well, you see these same people in all kinds of gatherings of people together on subjects of Bay Area-wide concerns. It's just sort of like an "old boy" network that springs up, without the negative connotations.

Morris: Could you also describe it as kind of continuing discussion of, "What's on your mind as a corporate citizen and as a public-spirited, community-minded citizen?"

Shetterly: Yes, I guess so. And then within Oakland itself, differentiated from Bay Area-wide concerns, a group like the New Oakland Committee is a very good forum for all kinds of discussions of these things.

Morris: In the New Oakland Committee--if I'm right--that includes city councilmen and people from the mayor's office, as well as people from the business community. Is that right?

Shetterly: There's three elements. There's business, labor, and community, and the community would include the politicians.

Morris: Not a special category.

In the Bay Area as a whole, do you not include the political and labor leadership?

Shetterly: There isn't any political body that covers the whole Bay Area.

Morris: Well, there's ABAG [Association of Bay Area Governments].
[pause] You smile when I say that.

Shetterly: A good idea and a cause which has a lot of merit, but getting things done, really accomplished, through ABAG is pretty tough. Everybody protects his own backyard, his own turf. I've never been that much involved in ABAG, and I don't think anybody else at Clorox was.

Morris: Right. ABAG is primarily composed of elected representatives of cities and counties. I wondered if the Bay Area Council was kind of the private sector's response or companion to work on things with ABAG?

Shetterly: Well, yes. They're differently constituted, but they share a lot of mutual concerns and keep in touch. But the Bay Area Council, which I was active in and familiar with, is largely corporate people, usually the heads of the corporations, and a professional staff that does a lot of research on what are the bigger problems that are Bay Area-wide and what can be done about them--that sort of thing. It's a professional staff of several people, I guess still headed by Angelo Siracusa, who is a pretty effective guy.

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--some overlap in the nature of the concerns, but ABAG, because it is composed of elected politicians, would get at a problem through the political process more. Bay Area Council would not be disinterested in the political process, but would be interested in the public relations side and the informing of the public in general on problems and needs and what might have to be done to do something about it.

Morris: Thinking more of privately based solutions, rather, and the ABAG looks more for legislative public funding?

Shetterly: I think that there would be that tendency, yes, but, again, I haven't been tangled up in--I haven't attended a meeting of the Bay Area Council for about eight years, so I'm not very current on that.

Morris: Well, it's what your impression was when you were working with the Bay Area Council.

I've got just one other question, and then maybe we should break for today, because I know you've got another meeting.

Giving in Headquarters vis-à-vis Other Company Communities

Morris: What I was wondering about is, the Clorox Company Foundation doesn't relate just to Oakland, am I right? It relates to the other communities where there are Clorox Corporation--?

Shetterly: Where we have plants or offices.

Morris: Do you have any sense of how the giving process or the kinds of community organizations making requests *differ* between Oakland and some of the other areas where the foundation is getting requests?

Shetterly: From our standpoint, the differences are largely because of the differences in the relationship of that plant management--the plant and its employees--with its community.

[Interruption]

For example, since Oakland is our headquarter city, the list of activities that we give to--help support--is much, much longer than it is in a plant city. Often, in a plant city, the giving is largely United Way or whatever that corresponds to, plus special capital drives for a hospital, or a school, or something like that.

Morris: Kind of things that operate at the leadership level rather than grassroots organizations?

Shetterly: Well, they're just practical considerations. A typical Clorox plant, although it turns out a great deal of bleach, or

whatever it makes, is a very small, compact, high-production unit.

Morris: Not a very large employee--

Shetterly: The typical bleach plant--we have thirteen of them within the United States--on average might have only twenty-five or thirty employees. A few of them are larger.

Morris: Where are those eight thousand employees spread out? Are they mostly here in the Bay Area?

Shetterly: There are all kinds of activities. I don't think it's eight thousand anymore.

Morris: That's a number I picked out of one of your 1970s reports. It's probably bigger than that now.

Shetterly: When Clorox sold off two companies that we had acquired, those two between them had a total employee list of at least two thousand employees, maybe more than that.

Morris: So it's a more compact organization now.

Shetterly: What I was talking about is a typical Clorox bleach plant. It's very compact, and maybe twenty-five is low for an average plant, but I know that there are plants that have no more than twenty-five people in them. I doubt if there's any plant that's primarily a bleach plant that has any more than eighty. So this is a small population within that city of Cleveland, let's say, and it can't address--it's just disproportionate to have it try to address a hundred different causes of some kind or another. It is a practical matter that boils down to United Way plus one or two other special things, which are special for some reason or another. They each have their own individual giving budget that has to be approved in Oakland, before the start of every year.

Morris: That sounds like that relates more to whoever the top management committee is in Cleveland, or wherever, and their view of what needs doing in that town rather than getting a lot of applications in from earnest people wishing to start a new clinic, or tutorial program, or whatever, whatever.

Shetterly: Well, they're just not set up to deal with a lot of different applications.

Morris: So the application process and the application flow relates mostly to the Bay Area.

Shetterly: Yes. The plants do get applications, but if it isn't within the scope of the budget that the plant has for giving, it either has to say no or refer it to Oakland. And Oakland won't be informed enough on Cleveland's causes, usually, to say anything but no. Once in a while, there is a special case where some request will come in and get favorably considered because of special reasons.

Morris: Because it relates to something that the foundation people here have already got some experience or interest in--that kind of thing?

Shetterly: That's possible.

Further Experiences with Fundraising and Foundations

[Interview 3: January 23, 1990]###

Morris: You mentioned earlier that as soon as you got to the Bay Area, you became involved in fundraising; that was for the Paltenghi Youth Center. I wonder who you might have gone to for advice?

Shetterly: I relied on Ruth Chance very much. The only other one I relied on even more was John May. But I certainly listened to both of them.

Morris: What particularly were they helpful on?

Shetterly: I think I went to them usually for--I know my first acquaintanceship with them, at least, was seeking money for the Paltenghi Youth Center in the Haight-Ashbury. Later on, I went back to both of them for money when we started up the youth center in East Oakland. I've forgotten how--Rosenberg helped us the first time. I can't remember whether they were able to do anything about the East Oakland Youth Center, but the San Francisco Foundation was, and we went back to them more than once.

Morris: Did you find that if you had a grant from Rosenberg or San Francisco Foundation, it was then easier to get to talk to other people about money?

Shetterly: Yes. That was true of both, but it was particularly true at San Francisco Foundation, because it was so big, and so well-known, and so professional.

- Morris: Did they do much business in the East Bay, at that point, in the sixties and seventies?
- Shetterly: Some. Rosenberg, not so much, as I recall it, but San Francisco Foundation did, and they were dissatisfied with the proportion that they were able to give to the East Bay. They wanted to do more, and so they were on the lookout for really deserving causes that they could support.
- Morris: Did they ever--John May, or as they developed other staff-- come to you upon occasion and say, "What do you know about these people," or, "What do you know about this particular kind of--"?
- Shetterly: I don't remember John's doing it, but his successor, Marty Paley, did. He talked to me one time about just what I mentioned, that they wanted to do more over here. I said I would look around and see what we could dig up and did give him a couple of suggestions.
- Morris: Do you remember what it was that you came across that was something you thought--?
- Shetterly: No, I don't.
- Morris: How about the East Bay Foundation or the Alameda County Foundation, as it was?
- Shetterly: The East Bay Community Foundation, I think it is now called.
- Morris: Yes.
- Shetterly: Well, I never knew much about them until quite recently. We did get some money from them for the East Oakland Youth Development Center--not a tremendous grant, but we got, I think, two or three in a row, grants from them. They were very unusual in that the bulk of their money was money that was left as bequests when people had died--they had a modest total amount of money, something like four or five million dollars-- then some new people lent support, including Lois DeDomenico and others. They decided they were going to build an endowment fund within the foundation. This is fairly recent, like five or six years ago. To add some strength to it, they persuaded the Hewlett Foundation to put up a challenge grant, a substantial one, which would be released only as matched by gifts from other sources. Hewlett wanted to do it because not only they but other major foundations in the West Bay encouraged the development of foundation support for East Bay causes so that they wouldn't be continually besieged by

requests from the East Bay. They just wanted to get some more strength in the community foundations, but located in the East Bay.

I think that's been quite successful. I sat in on two or three meetings in the planning where I served as an advisor to the development campaign.

Morris: Did you convince the Clorox Company or the foundation to make a contribution to this community foundation effort?

Shetterly: I think Clorox did, but I didn't pressure it. We have a setup there where each proposition gets judged on its merits, and I just didn't try to influence it very much in recent years. Especially since I've retired.

Morris: Yes. I think the East Bay Community Foundation effort was connected with their fiftieth anniversary.

Shetterly: That was part of it, yes.

Morris: I was just wondering how a company foundation would look at putting money into another foundation, in effect.

Shetterly: Generally, we wouldn't be doing that. We had sort of special reasons. In the first place, we were a little bit beholden to them because they had been helping us support our youth center, so this back-scratching thing is pretty prevalent, mutual back-scratching.

Morris: In the philanthropic world.

Shetterly: Sure.

Morris: So if they help you, you feel an obligation to make a contribution back to their causes.

Shetterly: Yes.

Morris: That's going around to the same people who are already identified as being interested in good causes. How do you go about reaching out and finding new sources of donors?

Shetterly: I don't quite understand--

Morris: I was wondering about, in fundraising in general, whether it's primarily going around to the same people or how you go about finding some new people to support a particular project.

Shetterly: There is a tendency to go back to the same old sources, especially if they've been substantial supporters in the past, but we're always on the lookout for new sources. The only thing in the fundraising that I've done for the youth center, or other things, even--if the institution is going to have an ongoing need of money, I've been very reluctant to seek or count on government grants, because they're unreliable from one year to the next. The change in the political climate or all kinds of things can influence them, and federal budget problems and whatever, so that we've tried to stay away from relying on government money.

Sometimes it's come to us at the youth centers without our seeking it at all. If that's the case, and there aren't any strings on it that are worrisome, and if what they want us to do with the money fits with what we're set up to do, why, fine. So we have accepted government money on that basis.

Morris: Because government funds tend to run out after two or three years?

Shetterly: It might run out next year--anytime.

Morris: Well, if you're dealing with foundations or individual donors, you have to go back to them every year, too. Is that different than--?

Shetterly: Yes, but they're more stable, more reliable, from one year to the next than government sources. The San Francisco Foundation, for example--I got started with them back in the Paltenghi Youth Center days and have been going back ever since. Not every year, necessarily, but repeatedly. Sometimes they wish you wouldn't do it. They want you not to be too dependent upon them, or they would rather not have you count on them for future gifts.

Morris: Did Martin Paley have a different way of going about evaluating a proposal or different kinds of questions he was interested in?

Shetterly: Different from whom?

Morris: John May.

Shetterly: Well, there was a change when the Social Planning Council ceased to be used by San Francisco Foundation as a screener of their grant requests. They started doing it all in-house. That was a big change. I don't know that the criteria for actually making grants were importantly different. They do

sort of update their guidelines periodically. That results in some change but nothing very fundamental, I believe.

- Morris: Was your recollection that the San Francisco Foundation, for instance, would use the Social Planning Council studies as a way of evaluating proposals that came to the San Francisco Foundation?
- Shetterly: They didn't use them as much as United Way did. United Way formally used them, but San Francisco Foundation did use them some, yes. There gets to be, as you must know, sort of a networking operation that goes on between the different foundations and the evaluators of such things, so they talk a lot between themselves.
- Morris: Would they sometimes send you to a different foundation when you were looking for money for the youth center?
- Shetterly: Yes. I've had suggestions. I've had people say, "Well, we can't do that this year because--but why don't you try so-and-so?"
- Morris: So that led you to new sources of funding.
- Shetterly: Sometimes it worked, yes. Not always.
- Morris: That's true. What do you figure is the good percentage rate of response? Have you developed a kind of rule of thumb?
- Shetterly: I never developed the statistics on that, so I don't know. I suppose that if we had a favorable action on half of our grant requests, we'd be pretty happy with that.
- Morris: That's pretty good.
- Shetterly: I would think it would be.

VIII WORKING TO IMPROVE PUBLIC EDUCATION

Explaining Business Principles to Teenagers

Morris: Moving sideways a little bit--going through my notes, I came across a business education task force that Clorox itself started in 1974. There was a reference in the *Tribune* to a study that this little task force did on teen-age attitudes towards business. Remember that?

Shetterly: Sort of vaguely, yes. Was it teen-age, or was it college students?

Morris: Well, the *Tribune* seemed to think it was teen-age, but I know in a couple of speeches you made to the business school at Cal, you were talking about students in general.

Shetterly: Yes. Well, we did have an organization, and I think I remember visiting high schools, two or three of them, who wanted to participate in some practical education in what business is about from the standpoint of a high school student looking forward to employment or some sort of career.

I do remember putting together some remarks which were intended to dispel some mythical thinking that kids seemed to be doing about business. Even the school teachers, whether high school or not, were just as misinformed as their students were about how much profit business really makes. The general conception was that large corporations made 40 or 50 percent profit on their sales [chuckles], but almost nobody ever does something like that--certainly not for very long if they ever had any competitors at all. And give them the straight dope about what really happens in business and what about profits--profit is not a dirty word. You've got to have profits to do all these things for the society, and on and on.

There was almost a contagion across the country, especially the colleges, in the late sixties, early seventies: anti-business attitudes.

Morris: Why do you suppose that was?

Shetterly: Well, just part of the whole [pause] I don't know what you call it--sort of a rebellion against the establishment that was going on, the anti-Vietnam movement got tangled up in that kind of thing, blaming big business for being a force to do things that shouldn't be done. It became very popular in those years for teachers, including college professors, to have very negative attitudes towards business.

We didn't do a lot of this, but we did some. Organizations like the National Association of Manufacturers were urging the board members of that organization to set the record straight and seek opportunities to tell the true story about business to the media and to the academic world.

Morris: How did the youngsters in the high school classes respond to these talks you gave?

Shetterly: They were very responsive and usually surprised.

Morris: This would be in the Oakland high schools generally?

Shetterly: Yes.

Morris: It kind of sounds like you were providing a basic Economics 1A lecture.

Shetterly: There was a little bit of that. We were concerned about education in general. As you may have noticed, we were involved in efforts to try to help improve the quality of public school education in Oakland.

Clorox Adopts Castlemont High School

Morris: At one point, I see that you adopted Castlemont High School. How did that come about?

Shetterly: Strangely enough, that program came out of a lunch table discussion that I had with Ruth Love, who was then the new superintendent of schools in Oakland. Did you ever know her?

Morris: I followed her career in the newspapers.

Shetterly: She came back here, you know. She's still here, I think.

She went from here to Chicago, where she was superintendent of schools. What happened was that she and I got to talking about ways and means whereby local business people or their companies could be helpful in improving the quality of education in Oakland public schools. She, I believe, first had the idea. She suggested this idea of adopt-a-school, whereby a corporation would adopt a school and work with the faculty and staff of that school to improve the quality of its education.

Morris: Actually in discussing what went into the curriculum?

Shetterly: Not much about curriculum. A little bit, maybe--but in other ways. So we, Clorox, adopted Castlemont. Kaiser Aluminum adopted Oakland High School, as I remember, and other companies also adopted some other schools, sometimes an elementary school. It did some good. Each one of them was somewhat different.

One message I tried to give Ruth Love was, "Don't let everybody try to reinvent the whole thing and change things around too much. Why don't you work out a format that works--test it out, and then if it really is successful, recommend it to other companies to do the same thing, or very much the same thing." Well, those are sort of famous last words, because you just can't get that done. People don't do it. That's the whole NIH thing I told you about before. Kaiser Aluminum had a very different program at Oakland High School than we had at Castlemont, yet it was good.

Morris: Was it a tutorial kind of thing--one-on-one?

Shetterly: Ours took this form: Our biggest concern was the failure of high school students to learn to read and write and do simple math. We discovered--we had a sort of analysis made of the classes ten, eleven, and twelve at Castlemont. Ten, in this school system, is the first year of what they call senior high school. Nine is part of the middle school.

We discovered that out of a class--and I've forgotten what the sizes of those classes were, but, let's say, six hundred in the tenth grade might have been about right, maybe bigger than that, but anyway--a very sizable percentage, I believe more than a hundred tenth-graders were reading at about a third-grade level. Students were being graduated from high school

and getting diplomas with no better than a third-grade reading capability.

So what we did was to encourage the Castlemont faculty to establish special remedial reading and math for the worst one hundred or one hundred and fifty--whatever it was--of the tenth grade and see what we could do about improving their reading, writing, math skills. First we urged them to assign a highly qualified teacher for that remedial work, and then we paid for a second teacher, an assistant, as a net addition to the staff, so that the kids in these special remedial classes would get more concentrated attention from teachers. We also reviewed the nature of the books in their library and the availability of books, not just textbooks but general books--novels, recreational reading. We bought a bunch of books with the guidance of the faculty at Castlemont to improve the availability of good books for the kids in the school library.

We insisted on being able to measure the results of the remedial education part--being able to measure that and make sure they did measure it from one point in time to another, to see whether we really were accomplishing anything with the children. The program did work. It was, I guess you'd have to say, moderately successful. What happens is that with all the different pressures that are on these teachers and on the school superintendent as well--to do this, to do that, and so forth--after a little while, the devotion of attention to this program begins to slide.

Something happens. Maybe the teachers or their superiors --usually the administrators are the ones that are usually in good part to blame for this sort of thing. They just never were really sold on the program to start with, and they just accepted it because they thought they had better--that kind of thing.

There were still some remnants of the Adopt-a-School program in the Oakland public schools at the time Ruth Love left, but I bet you that you won't be able to find anything of it now because of the passage of time and all these other pressures--

Morris: Right. Did the suggestions about the remedial program and the library come from the teachers or from people at Clorox?

Shetterly: They were developed--the way we got started, and the way Cornell Maier got started for the [Kaiser] aluminum company, and some of the other companies got started, was the help of the superintendent of schools to arrange for discussions of

what this program ought to be with the principal of Castlemont, in our case, and usually one or two other staff people--maybe an administrator or two, or a teacher or two. We just sort of jointly developed a program.

Morris: Was that you, or did you delegate a couple people at Clorox to--?

Shetterly: Well, I initially was in on it personally, but I delegated the follow-up on it after the thing got started to somebody in our community affairs department. Toni Anderson, a black woman, was the one who followed up on it for us.

Morris: Were any people who worked for Clorox recruited to help in the remedial program or otherwise lend a hand at Castlemont High?

Shetterly: I don't think we had any people who participated in the teaching process.

Need for Job Skills

Morris: I know, over the years, one of the concerns has been that public school education, even in its job-related training, doesn't necessarily relate to the jobs that are currently available in the community. In other words, the high-school programs tend to be training kids for jobs that are no longer generally available. Was that anything that Clorox had found in dealing with young people coming to Clorox looking for a job?

Shetterly: I don't remember any important concern about that subject from the standpoint of curriculum. I remember a lot of concern from the standpoint of whether the kids were really learning what they were supposed to be learning. That was part of the reason why we focused on remedial education at Castlemont.

Morris: You were hearing this from your personnel department?

Shetterly: We were hearing it from all kinds of sources. It was rare that we could hire a high-school graduate from the Oakland public school system and feel that that person had an adequate education to do even an entry-level job. Now there were jobs --we did hire high-school graduates for jobs. There would be jobs in the mailroom--certainly not jobs requiring any real skills at all. In most of our jobs, even the entry level ones, you had to be able to read and comprehend the written word, and

you had to be able to write an intelligible letter or memo or whatever.

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The level of achievement required for jobs in the plants was generally less demanding than in the office. That's because production in a bleach plant--the actual production of bleach--is sort of fine-tuned but basically very simple. A person can learn a job on a bottling line without being a high-school graduate at all. Now, you have to have some more qualified people in the plant--the foreman, and the plant manager, and the manager of shipping, and so forth. The factory worker--his or her work is basically very simple and doesn't depend upon high school.

[Interruption]

Morris: It sounds, then, as if a local company's involvement in public schools is something you have to sort of keep working at, or it needs to be renewed and revised.

Shetterly: In the first place, the program, whatever it is, needs to be very thoroughly sold to the people that are going to have to execute it--the teachers and the administrators of the public schools system. It doesn't have a prayer unless they really are convinced that it's a good idea. If they're just going along--and we ran into some of this with some people just going along because they're being pressured into it--not much is going to happen, because you're entirely dependent on their executing it. Business people can't force their way in and participate on a volunteer basis in the teaching process itself. That's bad news. You can get into all kinds of trouble--teachers' unions and all kinds of things, human nature. But if they're fairly sold on it, and then if you work very closely and keep following up, and keep following up--keep offering more help, whatever--it can work, but it takes a lot of sustained and very dedicated effort to have it work.

Morris: It was around in there, 1978, that the California Manufacturers Association honored you as Manufacturer of the Year for your civic endeavors. Was it partly because of this Castlemont High School program or were there other things you were doing through the manufacturers association?

Shetterly: I don't remember whether there was any particular thing that they singled out. There was a lot of conversation about community service in general, but I don't know whether the educational component was particularly singled.

IX ENCOURAGING ECONOMIC DEVELOPMENT

Oakland City Center Project: Clorox World Headquarters

- Morris: The next thing I'd like to ask you about is the Oakland Economic Development Council. You started out as chairman and continued as chairman for a number of years.
- Shetterly: Well, no, I wasn't the first chairman. I was involved from the start, but a man named Bill Roesch, who had been a fairly recent hire by Kaiser Steel Company, was the first chairman. Edgar Kaiser hired Bill Roesch from one of the steel companies --I think it was Jones & Laughlin in Pittsburgh--to come out and be a business doctor for the Kaiser Steel Company, which was in some stage of serious illness for years.
- Morris: That was the first one [Kaiser company] to have difficulties, wasn't it?
- Shetterly: Yes, and for the same reason that other steel companies in the United States had trouble. Kaiser Steel had more than some because they were more directly affected by the Japanese entry into the steel business than others because of location--on the West Coast.
- Bill Roesch was the first chairman of it.
- Morris: He was brought in to help a company that was in trouble, and he still found time to take on a major piece of community service?
- Shetterly: Yes, he did, and he was encouraged to do so by Edgar Kaiser and Gene Trefethen, who were his bosses. So he was the chairman. I was a member. The reason I got involved originally was that Clorox had signed, in about '74, I guess, a twenty-year lease on a yet-to-be-built office building in downtown Oakland, at the City Center location on Broadway at 13th Street.
- Morris: Before the building was built?

Shetterly: Yes. We signed before it was built, but we had a very clear idea about what it was going to be like. We didn't get into it, as I remember, until '76--we actually occupied it. But we were the anchor tenant, they call it, although initially we occupied only eight floors out of twenty-four. But a good part of the reason for our deciding to relocate to that part of downtown Oakland was that this was part of a planned City Center development. It involved not just the Clorox building but the Wells Fargo building next door and other office buildings, and a regional shopping mall was supposed to be right in the middle of it, right back with the Clorox building.

Morris: And the hotel--

Shetterly: And the hotel was part of it. Well, actually, the hotel is technically out of that fifteen square block--the boundaries of the City Center project itself. It's adjacent to it and very closely related to it. We were moving our headquarters from out across from the Coliseum--what they call the Oakport development--a nice little building we had gone into there, but at noontime or after work, or whatever, there wasn't any place for the employees to shop. There were only very few adequate restaurants.

Morris: And you'd have to use a car to get to and from there.

Shetterly: You had to drive every place. A lot of people, especially the women, wanted to have shopping be convenient to their work place.

Morris: That's a job perk?

Shetterly: Yes--lunch hour, or after work, or whatever, they could do their grocery shopping, or clothing shopping, or any kind of shopping. So this idea that we were going to have this wonderful new shopping mall, all under cover, with three or four major department stores and a lot--I think they projected about a hundred specialty shops in addition to the big stores --and freeway access from the Grove-Shafter Freeway. The freeway access would bring cars into this large garage that was planned and connected to the shopping mall, commuter parking, and so forth. And from a security standpoint (people worry about the crime in downtown Oakland) a protected situation where they could just get out of the car--

Morris: Right there at the shopping mall.

Shetterly: Right there, and there would be guards and people around to make sure nobody hassled them.

It sounded wonderful, and we had no reason to think that it wasn't going to happen. We were therefore very, very interested in seeing to it that it did happen.

Morris: Had you been part of the discussions with the other powers that be about bringing this plan into existence?

Shetterly: Well, what happened was that the prime developer was Grubb & Ellis. They were working with the city, in conjunction with the economic development office of the city of Oakland, to help make this happen. When it looked as if there were some snags, and it wasn't happening as rapidly as we had been told it was going to happen, I went to Hal Ellis and John Reading and said, "Look, we have a very selfish interest in seeing that this *does* happen, so if there's any way we can help, for heaven's sakes, call on us. If we can do it, we will." That got me tangled up in the subject, and others at Clorox also.

I got acquainted with Al Taubman, who was to be the shopping mall builder, and got acquainted with the people at Macy's. We were determined to have Macy's, so Hal Ellis and I went with somebody from the city of Oakland to call on the top guys at Macy's in New York to try to persuade them to get cracking and agree to put a store in this center. So we really tried to help. It didn't succeed very well, but--

Developer and Consumer Attitudes

Morris: Was there government money in this project, too?

Shetterly: Yes. The city of Oakland was using HUD [U.S. Department of Housing and Urban Development] money--I guess it was HUD, must have been--bought up the land, and practically gave it to the project so that it was an inducement to hold the rents down and so forth so that the stores would want to come in.

A little later, we also did another thing, when we discovered that there was a perception on the part of these department store people, and other business people, that downtown Oakland was a wasteland that was never going to recover, and why bother to do anything down there? Why not put our store out in Walnut Creek or Orinda or wherever? This perception of crime, drugs, violence, real risk of personal safety--

- Morris: At that point, in the mid-seventies, were statistics on those negative kinds of things for Oakland any different than they were for San Francisco, say, or Los Angeles, or Sacramento?
- Shetterly: They were about the same, as far as we could determine, as you might get in downtown Detroit or the Watts area of Los Angeles, or some parts of San Francisco. San Francisco, as a whole community, had such a favorable image, generally, but Oakland's image was much worse.
- Morris: I was listening to an economic development regional discussion the other day. The point was raised that a great opportunity was missed at this same period to make a strong effort to link Oakland and San Francisco in a campaign focused on one working and living area connected by all this great public transportation, as in BART--that if that had been marketed--
- Shetterly: The San Francisco folks didn't want to be classified with Oakland.
- Morris: I see. Was that definitely a factor in what was going on?
- Shetterly: Yes, although I don't think it was ever articulated quite that way, but that was true. They looked down their noses. I don't think Herb Caen helps us over here very much.
- Morris: Because, in effect, Oakland was leapfrogged by all this development that went on out in eastern Alameda County. It's made a mess of transportation.
- Shetterly: Sure. the perception was that Oakland was a crime-ridden disaster area. But we tried to do something about that. We, Clorox, arranged for a consumer-attitude study.
- [Interruption]
- because of the reluctance of the department store people--a lot of people--to come into downtown Oakland because of what I've said--
- Morris: Was part of it that Oakland, at that point, had a more visible black and Hispanic population than other parts of the Bay Area?
- Shetterly: The percentage is higher. Black, Hispanic, and Asian totals about 65, as I remember it, but the blacks are close to 50--48 or something like that. In that way, just because of magnitude or prominence in the total community, yes, but the basic perception is the same for parts of San Francisco, like Hunters Point, or Bayview, or whatever. The black ghettos are about

the same wherever they are, and Oakland happens to have a larger one in the percentage of its total population than most other cities.

What we did--being a market-oriented company and using consumer attitude research as part of our business all the time, making primarily consumer products, we naturally knew a fair amount about how to get a valid measurement of consumer attitude toward most anything.

Morris: What a great idea.

Shetterly: So we had this third-party professional research firm. Anyway, we used--

Morris: A Bay Area firm?

Shetterly: Yes, somebody that we had used before in our own work, researching attitudes toward our products or possible new products.

So we ran this survey of housewife attitudes in the middle-class and upper-middle-class areas around Oakland: the Berkeley hills, Montclair district, Piedmont, the whole hillside from north to south, and Alameda--good, solid, middle-class residential areas in Alameda. We got an adequate sample and had a technique of explaining this proposed new shopping mall down in the center of downtown Oakland. We gave an illustrated description of the planned mall to the individual housewife and then asked attitude questions: if this mall were available with all the features that we've just described, would you be likely to do your shopping at these department stores, or whatever stores, down there or not, and why.

We finished the thing, and we turned it over to the Grubb & Ellis people and the city people to use with prospective stores. The thing was surprisingly favorable. The Piedmont housewife typically would say, "Gee, I used to shop down at Capwell's and I. Magnin all the time in downtown Oakland, but I'm afraid to go down there any more." But they had to admit on being questioned that "If you had it that way, and you had the security of the garage and all, and those nice, big stores, and a lot of protection, and so forth, sure, I'd go. I'd rather do that than go out to Walnut Creek or into San Francisco. It's a real hassle to get in there."

It was something like 85 percent of the respondents were very positive about their willingness--in fact, desire--to use such a facility. It was not slanted. We didn't try to color

it in any way, and it was used. Unfortunately, for a lot of reasons, the effort never got off the ground.

Shetterly Chairs Oakland Council for Economic Development

Shetterly: I've drifted away from the OCED, but this kind of involvement is what made me anxious to be part of OCED when--I think John Reading originally suggested the--

Morris: John Reading is mentioned, and also Joe Coto, who by then was on the city council.

Shetterly: Reading talked with the people like Edgar Kaiser and, oh, whoever was head of Safeway then, and other people, too.

Morris: Hold on here. I think I have a list. [reading document] I don't know that I have a Safeway person. I've got Richard Corrick from B of A; Lloyd Edwards, First Enterprise Bank; Genarro Filice from Granny Goose; Evelyn Jewett; Ruth Love; Charles Mack from the Teamsters; William Morrish from First American Title; William Parker from PacTel; Charles Patterson; Justin Roach, Jr.¹

Shetterly: Charles Patterson was then working for World Airways. Justin Roach was an attorney.

Anyway, this group was put together, and Bill Roesch, the Kaiser Steel guy, was fingered to be the chairman of it. I was just one of the members. But then Bill Roesch left Kaiser Steel, went back to Pittsburgh, and I was asked to take over for him and did.

Morris: Was the original purpose to be an advocacy group for the City Center development?

Shetterly: It included that, but it was not confined to it. Any worthwhile economic development in Oakland, including downtown but not confined to it.

Morris: By that time, did you have the Oakland Museum in place--the new museum?

¹Oakland Tribune, August 29, 1976.

- Shetterly: It was quite new at that time, but it was there and was functioning.
- Morris: Was that considered to be one of the drawing cards for redevelopment?
- Shetterly: Oh, yes. We talked about that. We talked about Cal Berkeley, of course. Even though it's not in Oakland, actually, it's close. Mills College--we talked about anything that was positive about Oakland.
- Morris: Was it a marketing plan, or was it just to--?
- Shetterly: Well, OCED was a gathering together of volunteers from the business and professional community to discuss and help out in encouraging economic development in Oakland. We had no professional staff. It was all strictly volunteer. The city, however, provided staff work for us from their own economic development department.
- Morris: Was this John Williams's section?
- Shetterly: This was after John Williams. Well, John was still there when we got started, I guess, but there was a guy named Juan Lopez and a young woman who did the staff work for us. We had no money. We had no budget. We didn't attempt to collect money from anybody. We just worked as a sort of a committee of the whole to try to encourage and help out as best we could in any way that would make sense, to encourage economic development in Oakland.

Completion of the Grove-Shafter Freeway: The Governor and the Black Panthers

- Shetterly: Another way in which I got involved in this was that one of the biggest concerns about whether we were going to be able to bring the downtown City Center development to fruition was the question of whether the Grove-Shafter Freeway was going to be completed, to give freeway access to the shopping center. The Grove-Shafter, along with all other--I guess all other--freeway construction projects in the state of California had been just stopped during the [Governor] Jerry Brown years. This freeway, Route 24, came down to about 18th Street, and that was the end of it. Further, it didn't sound to us or anybody else it was likely that we were going to get it

finished as long as Jerry Brown and his--that woman in charge of the Department of Transportation.

Morris: Adrian Gianturco.

Shetterly: Oh, God, yes. [laughter] For him to put her in charge of the Caltrans when she's very determinedly opposed to freeways was incredible! But it was true, so we had to get that question handled before we were going to get our shopping center.

Morris: Did you go to the local assemblymen and Senator [Nicholas] Petris for help on that?

Shetterly: This may interest you. What happened was that because the state of California was, with Jerry Brown and all, a Democratic administration, and I've been a registered Republican all my life, I didn't know anything about how to get at the Democratic politicians. But a good friend of mine, Bill Honig, the--

Morris: The now-superintendent of public schools?

Shetterly: No, his father--was also Louis Honig, but called Bill--was the head of the advertising agency in San Francisco that handled the Clorox account. I knew he was an ardent Democrat who had done advertising work for Pat Brown, and then for Jerry Brown. So I went to Bill and said, "How do I get at this? What do we do?" He said, "Let me think about it," and he called me back. He referred me to a woman--I've now forgotten her name--in San Francisco who was very active in the Democratic party and who was in the state party organization and was quite a force in the Democratic party politics, not just in the Bay Area but statewide--and a little bit nationally, I guess. Anyway, I called her up, and--

Morris: Not Madeleine Russell, by any chance?

Shetterly: No. I met her separately through another connection. No, this gal--I'm just drawing a blank on her--I invited her to lunch, and we chatted, and chatted. She said, "The guy you want to talk to is Bill Cavallo." I said, "Who's Bill Cavallo?" She said, "He's on the staff of a state assemblyman named [John] Miller--"

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"His advice would be good." So I called up Bill Cavallo, and he came down to the office at Clorox, and we had a good chat. I said the question was, how do we influence Jerry Brown? How do we get at him to reverse this thing and get that freeway completed? He said, "Well, you get some of the local

black activists to call on Jerry Brown," and he named Lionel Wilson. He also named Paul Cobb, and Elaine Brown, who was then the head of the Black Panthers after Huey [Newton] left, and a couple or three others. I talked with them. I got to know Elaine. [chuckles] She and I got to be buddies after a while. She's a bright woman, incidentally.

We were going to be away at Nantucket when they called on the governor, which they did. They got a promise out of him that he would come to Oakland and sit down with the city people and the business people and talk about why the completion of the freeway was a good idea. So when I came back here from vacation at Nantucket, I immediately called up Lionel Wilson and said, "How did it go? What do we do now?" He said, "Well, I think you can do it, but you're going to need some help."

This black group wanted to participate, and they wanted to put three other members on OCED, the Oakland Council for Economic Development. I went to Lionel and said, "Look, we can't do that. The minority population and the community people are already well-represented in OCED anyway. But one person would be fine, I would welcome it, and Lionel, I think you'd be the one." He said, "Well, I'm going to sit in on it, but--"

Morris: This is before Lionel was mayor?

Shetterly: No, this is after he was mayor. "We would like to have you." Or maybe he was already on it. I guess the question was whether there would be three more.

Morris: Oh, expand the--in '76, the list that I've got does not include Lionel. The only recognizable-to-me person is Charles Patterson.

Shetterly: C.J. Patterson or Chuck Patterson?

Morris: Charles Patterson.

Shetterly: From World Airways?

Morris: Yes.

Shetterly: Well, he was on it, but, regardless, the demand was that we put three additional blacks on it. Anyway, I said, "Whom do we want? Who would be the best one, and bear in mind, now, that this is somebody that can influence the governor. Whom do we want? We just want one."

And he said, "Elaine Brown's the best you've got. She's smarter than any of these other people, and she understands that you don't cure the community's ills by acting destructively. She understands that intellectually." Lionel said this.

I said, "I've never met the woman. I've read about her."

He said, "What you ought to do is call her up, and go out and see her school, the Black Panther school, out on East 14th Street.

Morris: That's right near your youth center.

Shetterly: So I called her up and made a lunch date to talk about this OCED business but also just to get acquainted.

I said, "I'm told I should see your school." She said, "Fine. Let's do that first. Come out at eleven o'clock and see the school, and then we'll go on to lunch some place."

Okay. So I went out and met her there and met Erica Huggins, who was the wife of the Black Panther guy that was killed some place in the east, but an educator, and they gave me a tour of the school. I was very impressed with what they were doing. They were really doing what the Oakland public school system ought to have been doing all along. The job they were doing with the kids was just great.

I remember--they couldn't have set this up. We were in a second-grade class, and it was a reading class--just looking at it, and talking to the teacher in that class, and watching the kids. I said, "Would it be all right if I asked one of the children to read the textbook--the book you're using--read to me?" The teacher said that would be great, so I asked this little girl to come up, and I picked a passage way back in the book so that it couldn't be just the start of it, and handed it to her, and asked her to read it. She read it immediately without slipping or stumbling at all, with ease. The upshot was that before I got out of there, all the other kids were getting in a line. They wanted to read, too. [laughter]

But I was very impressed with what they were doing. It was really--

Morris: This is a private school? This isn't part of the Oakland--

Shetterly: This is the Black Panther school. The genesis of it was that in the turbulent early days of the Black Panthers, the public

schools wouldn't take the Black Panther children. Sometimes, the parents were afraid to send their children to the public schools because they would be identified as Black Panthers. It was some of both, I think.

Morris: Oh, that's too bad.

Shetterly: It was too bad. So they decided, "We're going to start our own school." They had a little money at that time, so Erica Huggins, who was an educator, became the principal of it. They organized and got this facility out there that was adequate. They were doing just a splendid job.

So next thing was, we appointed Elaine as a member of OCED and then organized another visit to Jerry Brown. She and-- I've forgotten--another black, I don't remember who it was, and a local lawyer, who was on Jerry's staff in Sacramento. Four of us--and Elaine set it up, she set up the appointment with Brown--went up, and we talked about it some more. He confirmed that he was willing to come to Oakland and talk about this, and so we arranged a meeting in the boardroom of the Clorox Company, where we had the governor and his entourage, and several of the OCED people, and the mayor--whatever--sitting around this boardroom table.

Morris: This is now in the new building downtown?

Shetterly: Yes, on the twenty-fourth floor, the top floor. We gave our pitch, and he had Gianturco with him--Brown did--and she felt a little heat because that situation was a little awkward for her. The upshot was that we got the decision to go ahead with the freeway.

Morris: And that decision held up?

Shetterly: Yes, although Paul Cobb tried to interfere again.

Affirmative Action Issues

Shetterly: He probably did more to prevent the revitalization of downtown Oakland than any other individual by far.

Morris: That's really surprising. What was his--?

Shetterly: Some level of affirmative action activity. He had been doing that for--is still doing it, but he had been doing that for a

long time. He made this thing so unpleasant--he and his people, that kind of organized protest, made things so unpleasant for the individual developer that Grubb & Ellis brought in for that project, Dillingham, from Hawaii, that they quit. They just said, "To hell with it. Life's too short. We're not going to put up with this." That kind of militant activity on the part of a fairly limited number of very vocal blacks in Oakland has been the biggest factor to delay and prevent such a project for twenty years now.

Morris: Was it that you never could negotiate an acceptable arrangement on participation of minorities or that it never stayed put?

Shetterly: The jobs on the project was one affirmative action thing. Minority contractors was another. And then their leverage, of course, was political because there was federal money involved that was dispensed by the city of Oakland.

What they did, they started asking just for jobs. Then they wanted an agreement to some sort of quota, percentage, of all the construction jobs. Next they wanted a hefty percentage in dollar volume of contracts to minority contractors. And then it went on and on. It escalated every time you turned around. As soon as they got one thing, they went after another. The last one that, much later, just broke the back of the effort--and this was when we had established an economic development corporation--

Morris: I wondered when that change was made.

Shetterly: The last one was the insistence on minority equity participation--in other words, participation in the ownership of the project. What they really meant--and this has actually been spelled out and approved by the Oakland City Council a year or two ago--they actually wanted a bunch of minority individuals, not a foundation or anything, to share in the ownership and be given that equity ownership in the project by the developer.

Morris: To what extent does the city retain ownership?

Shetterly: The city gave the land--made it available--to the developer.

Morris: I see. And then the city has been the conduit for federal construction grants. Those carry an affirmative action provision, don't they?

Shetterly: Yes. But this minority equity participation is the latest wrinkle and the most destructive one, because it's just not

right, really. They managed to get the Oakland City Council to approve it. On paper, it was spelled out as a loan to this group of individuals listed.

Morris: By name.

Shetterly: By name, and they had a name of the group. I've forgotten what that was. It was supposed to be a loan that would be repaid out of the cash flow of the development when it was finished.

Morris: Mr. Cobb--am I right?--he's off-and-on published a journal of creative writing of various kinds by minority writers?

Shetterly: I don't know about that. He was the paid head of OCCUR for a long time. That got into all kinds of hot water for mismanagement or embezzlement of funds. He was a black activist.

Morris: Intelligent?

Shetterly: Very intelligent. Very articulate.

Morris: Too bad nobody put him on the board or something like that.

Shetterly: That wouldn't help any, I don't think, though there are a lot more chapters to this whole thing. I guess I'm bogging down now.

Creating an Economic Development Corporation: Need for Public-Private Partnership

Shetterly: Do you want to move to why we felt we had to have an economic development corporation?

Morris: Yes.

Shetterly: The OCED just didn't have any real power--didn't have even its own staff to do things. We talked a lot. It was a nice discussion group, and we viewed with alarm, and we tried to help influence people and so forth. We looked around the country to find out where the economic development program involving a partnership of business and government and usually community people--where it had succeeded and what was the format that was used. We discovered that the cities where you've had some outstanding successes did have an economic development corporation with a paid staff, and volunteer

members, and active participation of the local top business people, government people, whatever.

Morris: Do you remember where those cities were?

Shetterly: Philadelphia was sort of the granddaddy of the successful ones. I went and visited them. I was in the east on Clorox business, and I spent half a day with the professional head of the Philadelphia Corporation. I've forgotten the guy I met, but he was good.

I talked to Jim Rouse, who was the developer for this remarkable thing that they did in Baltimore.

Morris: That waterfront development.

Shetterly: I visited with Jim. He also was involved in the Boston Faneuil Hall development. His company also did a remarkable job in downtown Milwaukee. Rouse has been particularly effective, compared to others, in the decayed urban area. He had really done a great job on that. So we discovered--and there was one in New Haven--a successful corporation. There were several of them. We got information on all these things--how they set them up, and who was involved, and what were the key elements for success.

Morris: Why is a corporation more effective than a commission?

Shetterly: Well, in order to function effectively, you have to have a paid staff. And how do you do that? And also contributions from the private sector to pay the staff have to be tax-deductible and so on. So the corporation has to be a--what do they call it?

Morris: The Internal Revenue Service designation is section 501(c)3.

Shetterly: 501(c)3 corporation. It has to be qualified for that, and we learned that. We also learned that these revitalization efforts in the urban areas of cities across the country will not work unless you have a strong body working away at it with the combined talents and resources of the city government, the private business sector, and the community. The *sine qua non* of the whole affair is, you *must* have a dedicated mayor who puts this higher than other political considerations and will *really* stand up and see to it that you get it done.

We learned from these various experiences that people have had in different cities across the country that, one, you needed the corporation. You had to have strong support from

business, city government, and the community, and you have to have a mayor who's willing to stand up and jam this thing-- make damn certain that it happens.

Morris: Over and above his or her political future or immediate reelection?

Shetterly: Yes. Lionel Wilson's a friend of mine, but when the going got tough, he just didn't do it.

A Dubious Joint Venture Proposal

Shetterly: Paul Cobb and his people just shot us right out of the city council room one night when we were asking the council for authority to go ahead with another shopping area. We had sort of given up on being able to do the original plan down at City Center, but up around Capwell's--that area. We asked for authority to be involved and go after that one and help them make it happen. Paul Cobb organized a very, very vocal protest of black people, including not only the activists but several of the black ministers. They just took over the microphone in that city council meeting after I had spoken my piece and Dave Self, who was our paid executive director, had spoken his piece. Cobb and company got up and just blasted away at how this is another example of business trying to make profits at the expense of the community, and--[sighs]--God! It was really shameful. But the most shameful aspect was Lionel Wilson didn't shut him up. He just said, "We'll reconsider this question. We'll take it in committee," or something like, whether or not the--

Morris: This is something that the city council needed to vote on?

Shetterly: Yes. Give us the authority to go ahead.

Morris: Would you have gotten the vote? That's a pretty mixed bag on the city council, isn't it?

Shetterly: This protest was so vehement and so hostile that I don't know. Usually, Lionel Wilson has it set up so that he knows in advance where the votes are, if you're going to get them or not get them. But this was completely unexpected. Paul Cobb and his crew had orchestrated this thing very carefully, and they were organized.

- Morris: You didn't have a Paul Cobb-watcher in the organization? It sounds like Paul Cobb had been kind of out there watchdogging your group.
- Shetterly: He had been tracking what we were doing, and he knew that we were going to--the agenda for city council meetings is a public document, and he knew that this was going to be considered on that particularly night, and he knew well in advance. So he got ready to blast it. The shameful thing was that we got no support from anybody. The mayor didn't talk in favor of us. No councilman did--nobody did.
- Morris: Was Wilson Riles, Jr. on the council by then?
- Shetterly: Yes.
- Morris: Where does he sit in this--?
- Shetterly: He would be in Paul Cobb's camp, but extreme liberal view. So Dave Self and I--hell, the meeting, this harangue, was still going on after thirty or forty minutes. I just got up and left--went home. Dave Self did, too.
- Morris: That's very hard, to sit there and listen to--
- Shetterly: You couldn't get a word in, and if you did, you would be outshouted. They were just so loud--vociferous people. It was a very angry thing. And then, just to show how they really think and act, it was only a matter of a few days after that when Paul Cobb and company came to me and wanted to joint-venture this project. EDCO [Economic Development Corporation of Oakland] and his group.
- Morris: For the same package.
- Shetterly: Oh, yes, same thing. With EDCO, they wanted a joint venture.
- [Interruption]
- Morris: This is very interesting, and I think it's very relevant to what's been going on in Oakland for the last twenty or thirty years.
- Shetterly: It sure is. This one will curl your hair. This is a true account. Paul Cobb and one of his sidekicks, who was an assistant professor or something at Cal in architecture-- Kenneth Simmons is his name--they came to see me. EDCO, by that time, had an office at 14th and Broadway. We sat down there with two or three of the EDCO people, and Paul Cobb and

Simmons and I don't know who else--a small group. They outlined why they thought that the way to go was to not compete or snipe at each other but to join forces and that sort of thing. I said, "I don't think we want to do this. This isn't proper. We welcome the support of the minority community, but not this way."

They kept talking. At one point, Ken Simmons said, "I suppose you wonder what we're going to bring to the party-- what we'll bring to the joint venture." And I said, "Well, yes. I'd be interested in what you've got to say about that." But I didn't raise the question. He said, "Well, what we'll bring is that we will allow it to happen."

As a matter of fact, there's a black guy who's a very bright businessman, who was attending the EDCO board meeting which had just happened before Cobb and company came in. The other black guy was standing there, and he's quite a liberal, too, but he's very smart and a successful small businessman. I just got up then and left, and I was told by somebody who had hung around a little longer that this other black guy said to Cobb and Simmons, "Do you realize what you were doing there?" They said, "No, what do you mean?" He said, "The name of that is extortion. That's what you're doing, and that's not legal." That didn't faze them, of course, at all.

We didn't try to charge them with extortion, but that's an illustration of why I say that this militant black group has done more to prevent, impede, delay economic development in Oakland than any other force. These things are hard enough to do anyway, especially in the inner city. They're damned hard. You've got to have all the troops marching the same way, and a lot of determination, and all those things. But these guys have managed to louse up the act again, and again, and again. The mayor hasn't been strong enough to step on them.

Morris: Is there any suggestion that the mayor has some kind of understanding with them that has enabled him to continue to be reelected? If they can stop--

Shetterly: At one point, he hired Paul Cobb--[laughs]--gave him a job on his staff.

EDCO Deactivated###

Shetterly: That's over.

Morris: EDCO doesn't exist any more?

Shetterly: The corporate shell is there, but we just discontinued operations.

Morris: Are there any members or any meetings?

Shetterly: No. It can be reactivated with the same corporate charter and all that, but--

Morris: That was--

Shetterly: That was a result of that torpedoing of the whole effort by Paul Cobb and company in the city council meeting.

Morris: The *Tribune* reports that you resigned in 1983 as president. Is that--?

Shetterly: Yes. That was the end. The whole thing just was deactivated.

Morris: And so, in general, does that mean that the business community has ceased to be part of the discussions within Oakland about the creation of--

Shetterly: Not entirely--individually and very informally. There are several of us who have tried to continue to help out in one way or another as individuals or a small committee, or something like that.

Morris: On an ad hoc basis.

Shetterly: Yes, but the formalized corporate structure just doesn't exist, and it's too bad. But long before we finally gave up, most of the business people who had been active participants, either in OCED or the Economic Development Corporation for a number of years--most of them finally didn't think we had a prayer of getting anything done: why do we waste our efforts? It just became one of those things. It was obviously just a hard job that was made so terribly difficult by these black militants, and they were so effective. It was just too hard.

Morris: They weren't operating in a vacuum. What about the Asian community or the Hispanic community?

Shetterly: They were represented. They were never anywhere near as militant as the blacks. I'm not saying all black people are, of course, not by any means. It's a relatively small number of them, really. But the Asians and the Hispanics were

represented and were interested and were willing to work, but they weren't able to influence or control these guys, either.

Business Community Support

Morris: Would any of these goings-on in trying to get the economic development program going have any lessons or applicability to the kinds of things that the company foundation was doing?

Shetterly: Well, the Clorox Company Foundation gave some of the initial start-up money for the EDCO, the Economic Development Corporation. We needed two hundred thousand dollars just to get started. We hired Dave Self to be the executive director and to pay a secretary or two.

Morris: Get some office space and things like that?

Shetterly: Yes, and pay the rent on some office space. I remember we raised that in a hurry. This was when everybody was enthusiastic. "Now we're gonna really go," and so forth. I met Cornell Maier and Walt Ousterland for breakfast, and then I had a little meeting later in the morning with Dale Lynch at Safeway. By noontime, we had the two hundred thousand dollars committed.

Morris: That's pretty good. That could make you feel pretty good.

Shetterly: I was surprised. [chuckles] I was agreeably surprised.

Morris: You went to them saying that Clorox is going to put up so much money--

Shetterly: Yes. I said, when I started with Cornell, "Your earnings are a little better than four times (the aluminum company, they were riding high then) the Clorox Company's earnings, so Clorox is willing to put up twenty-five thousand. You ought to put up a hundred thousand." Walt was head of Kaiser Cement at that time, and the cement company was doing pretty well, too. "You ought to put up twenty-five." So I had a hundred and fifty [thousand] before I left the breakfast table; then I went to see Dave Lynch and got twenty-five. I've forgotten where the other twenty-five came from, but we got it awfully fast.

Morris: That's really great. I hear you planning a lunch date, so why don't we wind up there for today. Is there anything else about

the lessons from the economic development process or what you think might happen next that you'd like to include?

Shetterly: The positive thing that I can say is that I think that we've collectively--the city government, the business people in town, the community--we've learned how hard these things are to do, this revitalization of the decayed inner city. But we've learned how it can be done and what has to happen before it is going to get done. We know all the elements now. Until we can get a city government, especially the mayor, really committed to put this as number one on the agenda, and all other considerations, political especially, are going to take a lesser priority--until that happens, it just doesn't work.

Morris: That sounds like the political climate is paramount, more important than the business--

Shetterly: You can pretty well get the business support.

Morris: On just a plain economic basis.

Shetterly: Yes. You can count on that. But unless you've got the right political support, especially the mayor--

Morris: The mayor has to operate--am I right?--in some kind of a consensus framework. He or she has to be able to understand and work through whatever the different groups and factions are in the community.

Shetterly: Well, the mayor's office has to be strong enough to prevent this black activist element from destroying the program.

Morris: Yes--any kind of a splinter group from torpedoing the overall understanding.

Shetterly: It has to be able to control it. It has to be able to keep the show on the road despite any heckling, or opposition, or whatever, that comes along. That's essential.

I've gotten to know some of the people. In Boston, Kevin White was mayor for years. He put this downtown development, the Faneuil Hall thing, number one on his whole agenda. That was it. In Baltimore, a guy named Schaffer was mayor. Boy, he was a zealot. Anybody that got in his way was in trouble. He just jams it, which is what it takes. You've got to jam it.

Morris: That doesn't sound like the kind of personality that is easy to get elected.

Shetterly: Well, he was a zealot for the city of Baltimore. He knew the economic development and revitalization of that downtown area, including that waterfront area, was vital. He got himself elected by a landslide. I think he ran for state office or federal office after that, but he had a very strong political position and a lot of support.

Morris: One last question--you said that you can always count on the business leadership's support for this kind of a development activity, and yet when we were talking earlier, you said that not all companies or not all business leadership feels that business does have a social responsibility.

Shetterly: Well, that's true, and I think I probably generalized there too much when I said that you can count on the business. It's selective. Some companies are much more prone to be involved in a particular stand on economic issues of this kind--social economic issues, which is what this is a mixture of--than others. Yes, that's true. And, in Oakland, we had several very dedicated, strong players among the larger companies.

X IMPACT OF CORPORATE CHANGES ON GIVING PATTERNS

[Interview 4: February 1, 1990]##

Morris: A couple of years ago, when the stock market took such a pasting, Bank of America and some other companies cut way back on their contributions program. Also, in the last couple years, a couple of the large headquarter companies have been bought up like Kaiser and Crocker Bank, and they no longer exist. I wondered what kind of effect that's likely to have on the contributions picture in the Bay Area, and what it means in terms of the kind of leadership that you've provided. If a company disappears, does another company step in and take its place in the community leadership area?

Shetterly: Well, I'd have to give you a mixed answer on that. There are all kinds of different situations.

The effect of the Bank of America--their serious trouble was more than two years old. In fact, the recovery period started about two years ago when they brought Clausen back. Actually, to some extent it had started before they brought him back, as I understand it. The thing that impressed me about the B of A was that although they *did* get into serious trouble at least six years ago, I think it must have been, and it didn't get any better for a while--they were losing money in big chunks--they honored a four-year pledge that they had made to the East Oakland Youth Development Center and paid that all off, even though it was blood money by that time because of the situation they were in. I was quite impressed with that.

With respect to Crocker, and I was on the board of Crocker when that takeover took place--first Midland Bank in England took the control of Crocker, and then they sold it off to Wells Fargo. There were two steps there.

Morris: Midland Bank, I understood, was more in the nature of a mutual profitmaking prospect.

Shetterly: That was a negotiated, friendly arrangement. It was negotiated by the principals of the two banks, Midland on the one hand and Crocker on the other. Tommy Wilcox, who at that point was the chairman and CEO of the Crocker Bank, was actively and enthusiastically involved in that merger. Now, later on, Midland, for their good reasons, I'm sure, finally just decided that the Crocker just wasn't performing the way they had hoped and expected it would, although it was showing good signs of coming out of it. After two or three disappointing years, Midland decided it had to do something, and that's when they were very susceptible to persuasion by Wells Fargo. Wells Fargo pulled it off, and that was the end of Crocker as such. When you take the corporation out completely--it's gone, and I don't think anybody feels any specific obligation to take up the slack for this missing player.

We had a different situation in the Kaiser companies. Just one after another, something went wrong over the last ten years. The steel company was the first one to go sour, and then others happened after that, finally including even the aluminum company. Now the only one that survives, at least in the form that it existed before, is the Kaiser-Permanente Health Plan, hospital business.

In that case, there was a feeling of obligation by some of the principals of the health plan. That's a nonprofit business, but it's very enlightened management. Jim Vohs, for example, who's the head of that, has apparently felt an obligation to try to make up to the Oakland community for the fact that the other Kaiser entities either have a very limited capability of philanthropy or none.

Morris: Or don't have local ownership.

Shetterly: Kaiser Steel just isn't here any more at all. The aluminum company is still here, but it's just completely different management--completely different concept. In their case, the present ownership, just because the earnings weren't there, cut way back on corporate giving to almost nothing. But by golly, when we asked them, they had made a substantial pledge to the East Oakland Youth Development Foundation toward our endowment fund. They finally offered to do either one or two things: to pay it all off over a ten-year period of so much a year--to pull them out--or to pay, right now, one-third of the total.

Morris: A discounted--

Shetterly: Yes, but it was a generous thing for them to do. So, as I said at the outset, you get a mixed situation in these things. The

Kaiser people just have been an important part of Oakland for so long that they just do what they can.

Morris: In whatever the surviving pieces of the organization are.

Shetterly: Whatever they can do.

Morris: That's a question that does concern the nonprofit community. If there are these major corporate changes, what does that mean for the small nonprofit organizations that have come to look to companies for leadership on their boards as well as for financial support?

Shetterly: They've got to scramble, and they've got to find new sources of board members and new sources of money. It's tough.

Morris: When you came to Clorox from out of town, you brought with you a sense of social responsibility. Does that necessarily happen when new people come into a new community?

Shetterly: No, it doesn't. Not necessarily. Once in a while it must, but many times the person who has taken over the business, or the company that's taken over the business, feels obliged or wants to run this thing on a strictly dollars and cents basis--maximize the profit as quickly as they can--and that doesn't necessarily call for much involvement of their people or their resources in local causes.

Morris: I don't know that we ever got it on tape, but when we talked earlier, you mentioned that you had sat next to Mr. Milton Friedman, who feels that companies don't have a social responsibility. Did you have a chance to explore that idea with him at all?

Shetterly: Well, I had read so many of his speeches and, I think, one book and heard him on those two occasions, the Double Jeopardy events, that I'm perfectly clear on what he thinks, and I don't denigrate it at all. His position is very, very clear. He doesn't say that nobody should take social responsibilities. He says that the publicly-owned corporation doesn't have the right to do so, because all of their attention and their resources ought to go to maximizing the profits of the company for the benefit of the shareholders. You can say that and go on and say, "However, we have all these different socioeconomic problems in most every community in the country, and certainly somebody ought to step in and do something about it."

Morris: That's what makes two political parties in this country.

Shetterly: [laughs] Well, the lines aren't as sharply drawn as quite that, but you had all the ingredients for a continuing dialogue.

Morris: That's a good reminder.

XI MILLS COLLEGE TRUSTEE, 1971-1986

Recruited by Gene Trefethen; A Mills-Kaiser-Clorox Connection

Morris: Could we talk a little bit about that other large local institution that you've been involved with, Mills College? How did you come to go on their board of trustees?

Shetterly: Well, it was a response to a request from a good friend. Gene Trefethen served on the Clorox board and served very, very well as an outside director for Clorox for--oh, I don't remember how many years, probably eight or something like that. The only reason he left the board was that he reached the age for mandatory retirement from our board.

Morris: Clorox Company has a mandatory retirement age?

Shetterly: Yes. In fact, in his case, and there were two others that we had that were exactly the same vintage--not the same birthdate, but all became seventy years old the same year. They're all three excellent directors.

Morris: That's kind of a problem. What did you do about it?

Shetterly: Well, what we did was to say, "We're going to make a special case out of this and say that none of them is going to stay on after the end of the year--whatever it was--that all three of them were born seventy-two years before. We gave ourselves two years to phase them off the board and made that exception to the rule. Now the rule's gone back to seventy. When my time for retirement came, I had to get out at the age of seventy.

Morris: Oh, the grace period was no longer in effect.

Shetterly: That's right. It was a one-time exception. The time had come for me anyway, so I didn't mind that.

But back to your original question: Gene Trefethen had served on the Clorox board with a great deal of--his performance was just excellent. He was always sound, and helpful, and all these good things, and he had become a good friend not only of mine but of all the other people on the board. But especially in my case, I always felt especially grateful to Gene for all the contributions he had made to Clorox, so when he came around representing the trustees of Mills College, and he's lifetime trustee of Mills College--he had been for years before this happened--and asked me to serve on the Mills board, I had no alternative.

I tried to wiggle loose. I explained to him, "Gee, Gene, I'm very proud of Mills. It's a fine Oakland institution, but I have no other reason to get involved." And I had three sons. "We don't have any girls in our family, so I don't see really --I'm busy with a lot of stuff--why I should be doing this." He said, "Well, you ought to do it for Oakland as well as for Mills." And so I did. Immediately, after only the first two or three meetings that I attended, I was hooked. I really thoroughly enjoyed working with and for Mills College.

Morris: To continue with Mr. Trefethen for a minute. Had you known him before he came on the Clorox board?

Shetterly: Oh, yes. He was so involved in Oakland activities and had been for years that it was just automatic that we got acquainted with each other. When I really got to know him and his wife, Katie, also, well was after he came on the Clorox board.

Morris: What were you looking for, particularly, in talents when you asked him to come on the Clorox board?

Shetterly: He had demonstrated, alongside Edgar Kaiser, a great capability in running businesses and developing businesses. He had a broad experience. He had no experience in the Clorox Company's kind of business of consumer grocery products, primarily, but he had a very broad experience within the Kaiser empire. I knew from direct experience that what people said about Gene was true--that Edgar Kaiser was, early on, the heir apparent, but he insisted, and before him his father, Henry, that Gene come alongside Edgar and help run that business. They both got out of Cal in the same year. They were classmates that knew each other. Gene was almost a semi-family member before long, because he and Edgar--when the senior Henry retired to Hawaii, they ran the business as sort of a team. I discovered that sometimes, when I wanted to talk to Edgar about something--some local question or cause, whatever--if Edgar felt it was at all important, he would hold the call from his end until he

could get Gene on the phone with him. They had a system. They were sort of a two-man team running the whole Kaiser empire.

Morris: Did you run into that with other large corporations? Did you have anybody that you felt that close to, in a management sense, at your company?

Shetterly: I don't understand that. I hear what you say, but I don't understand what it means.

Morris: Well, two people working as a team at the top of the company is fairly unusual, isn't it?

Shetterly: It is fairly unusual. It does happen, though. It does happen in some special cases.

Morris: I'm familiar with a younger person who's kind of being trained as an heir apparent, if you will. That's a delegating kind of role.

Shetterly: I think that--at least so far as I know, this particular situation of two guys, one the family heir-apparent and the other his good friend, being graduated from college together and then going on to become just a two-man team to run a whole major corporation like the Kaiser Industries became--so far as I know, that's unique.

But there are many other situations in companies--not the usual company, but quite a number of them that I know of, anyway--where two people end up running the company together. It happened at Goldman Sachs, the investment bankers, New York, when Gus Levy--I've forgotten whether he retired or died or whatever--he took over from Sidney Weinberg, who was the longtime head of that house. Two men were set up to run it jointly. They were John Weinberg, who was Sidney's son, and John Whitehead, who was a very, very capable man who had been with Goldman Sachs for a long time. So, for years, the two of them ran it together. Then John Whitehead finally got out, and he became the deputy secretary of state. He's been, ever since then, involved in government in some way or other.

[Interruption]

Benefits of Being a Women's College

Morris: So what was going on at Mills that appealed to you?

Shetterly: Well, I liked the atmosphere. I liked the spirit of the college administration, faculty, and the students. The first thing that I was intrigued by was the determination to keep Mills for the indefinite future as a women's college. By that time, many colleges--I knew from just happenstance that many single-sex colleges in the east, largely because of economic pressures, had decided to go coed.

Vassar College back then. My God! Vassar meant female to me from the time I was in high school. Williams College, later, but that was about as hidebound a single-sex college as you would imagine, and on, and on, and on.

So I was familiar with that. I liked the fact that Mills valued the extra benefits to its female students of being a single-sex college where those women could become president of the student body, and they could run things (so far as a student body or individual students should be involved in running things) and get experience that would be very, very difficult and unusual for them to have a chance at in the coed institutions. And also there was the record of unusual performance records by women--the graduates of Mills. So many of them turned out to be very, very successful and significant people. So that appealed to me.

Board Involvement: Financial Aid Study: Merit vs. Need

Shetterly: The Mills board runs itself pretty well, and they did what some boards fail to do for a new director or trustee. They involved me immediately in a significant committee assignment, studying the question of what was right and wrong about their financial aid program for students. So I was immediately put to work on a real subject, not just shrubbery to make the new trustee feel like he or she is really appreciated.

So I immediately got into a question that I think is a very, very important question for any educational institution, especially higher education: what about this financial aid business?

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My own experience with college financial aid was at the University of Rochester, which gave me a full-tuition merit scholarship. When I, along with the others on our committee, went to work to review the financial aid program at Mills

College, I was shocked that there wasn't one nickel of scholarship money purely on a merit basis.

Morris: What were they based on?

Shetterly: Need. Pure and simple. I learned, after we poked into it, that Mills was by no means unique, that many, many colleges and universities across the country--I think, in part as a result of the Lyndon Johnson War on Poverty, and, maybe, I don't know whether the Kennedy years before that were pointing in the same direction, but the thinking of the colleges and universities had gotten to a point where the primary and in many cases the only kind of scholarship aid given a needy student or a student was based purely on need. At most of the colleges, and Mills, too, there was an effort made, of course, not to allow a reduction in the quality of the student body because the scholarship aid was all based on need, but it allowed for some less than top quality students to get into that institution and stay there for four years. The admission of truly outstanding, brilliant young people--they almost dried up--not entirely, but almost.

Morris: Because there's more competition for the really talented student?

Shetterly: Sure.

Student Body Size and Cash Flow

Morris: And another school would offer them the scholarship because of their ability?

Shetterly: Well, if they could, if they weren't using all their aid for the need scholarships, but yes. So one of the first things that I became concerned about, and I discovered in talking with some of the other trustees that there was a great deal of concern already there that I hadn't known about, because I hadn't been there, about the fact that Mills was not awarding any scholarships based primarily on merit.

Morris: Was the concern about the quality of the student body in general?

Shetterly: A concern about what looked like it might become a trend toward mediocrity in the student body and maybe was partway there already, but also a refusal to stay with a system where there

wasn't a strong motivating element to bring in the truly outstanding student whose parents could afford to pay most or all of their college expense. It really was saying, "We're not going to be interested in anybody except the people whose family can't afford to do much of anything."

Morris: By the 1970s, most major colleges had many more applicants than they had room for. Was that not happening at Mills while you were a trustee?

Shetterly: At that stage, Mills wasn't suffering any loss of any consequence in applications for admission. In the very recent past, that's hit them, and now they're considering various actions.

I haven't talked to anyone out there since I got back in December, but there's persistent comment to the effect they're going to have to consider going coed if something doesn't happen, and what about this or that way of keeping it afloat, but what would it do if we did go coed? I hope they don't do it.

In the period I was talking about, they had as many bodies as they had been having. But you could see magical things happen to their profit and loss statement if you added students. If you do a theoretical calculation, great things would happen with a bigger flow of money from 950 undergraduates instead of 800, even if many of the increase have to have some degree of financial aid.

Where were we?

Restoring Merit Scholarships

Morris: I was wondering what the committee suggested and what results there were from this study of financial aid.

Shetterly: We suggested that Mills take a significant step toward restoring merit scholarships for the institution. I say "restoring" because although they had been eliminated completely in the late sixties and early seventies, you could go back only to, as I remember it, about 1960, and they still had some merit scholarships at that time. We just recommended that the committee work with the administration itself and the financial aid office and come up with a plan.

The thing that was remarkable was that there was a lot of resistance on the part of the financial aid officer, a woman, to this whole idea. She, along with people in her job at other colleges, had become indoctrinated with the War on Poverty and all the stuff--I call it "do-gooder intellectual gibberish" of the extreme liberal--so indoctrinated that they fought the idea of giving any recognition to people who could pay for their college education anyway, or any financial help to them. That was gone. They didn't need it. Actually, the merit scholarships--the ones that are awarded--are now going often to brilliant, young high school graduates whose family can't really do much about helping them to go to college. Some of them are--

Morris: People in what would be the middle economic range.

Shetterly: Yes, because even the people in the middle economic range have a tough time getting their kids through college these days.

Morris: Given what's happened to college tuition and fees, yes.

Shetterly: And it's going to get worse.

This Mills financial aid officer wasn't alone. There were other people on the administration and in the faculty who fought the idea of merit scholarships.

Morris: Did you negotiate some kind of--you know, there should be so much available financial aid on a needs basis, and so many people, or something like that?

Shetterly: No, the way it was done--the initial step, at least--wasn't that way. It was that there was a plan developed to create twenty four-year, full-tuition scholarships to be administered on a merit basis. So it was a thing which, financially, at least, Mills could ease itself into. The first year the program started, five of them were awarded to incoming freshmen, and if the student performed properly, her tuition would be covered for the full four years. Then, starting the next year, another five freshmen, and then another five freshmen the following year, and then the fourth year, another five, so that then you had twenty in an ongoing stream of merit scholarships. Then, after that, the college added quite a few more merit scholarships. Not all of them were full-tuition, and I don't know how many there are now. I'm going to see Mary Metz, the president, at dinner week after next, and I'll be very interested in finding out just how many merit scholarships there are now. They probably haven't increased much in the

last year or two because the financial bind has been tightening on Mills College, along with a lot of other places.

Morris: Where did the trustees find the money for these scholarships? Was it part of the package for a fund drive?

Shetterly: We were doing pretty well even without having an organized capital funds drive actually underway. We had an upturn in support, fundraising, in the year or two after all this was starting to happen. So we didn't take time to go out and specifically raise earmarked money for these merit scholarships. Maybe there was some of that, but my memory's a little fuzzy, because this is a while back. I know that there were some of the good, solid Mills supporters, who gave substantial money every year or whenever, who were intrigued by the idea of the merit scholarships. But I don't think the decision to do this was held up until all of the money for the twenty scholarships was in hand.

Morris: Would you recall if there were any special efforts in terms of going out looking for the five, and then ten, and then twenty young women who might be offered these scholarships?

Shetterly: Oh, yes. When you're determined to get some outstanding students--truly outstanding--that would be role models for the rest of the students and stimulators for the faculty, and all the good things that happen when you have even a small number like that of twenty really brilliant kids, who are not only brilliant intellectually. A requirement of the way these things are set up is that they demonstrate a leadership capability in some direction or other--some outstanding thing outside the classroom. So it isn't purely academic. It's a well-rounded young woman. When you have something like this to offer, then your recruitment people really use it.

From the start, this has been a great program. I remember when the first five were identified and were on board. A month or two after the school year started, Mary Metz had all five of those girls and--I don't think it was the whole board of trustees, but it was a good selection of the board of trustees for dinner, and each girl had a chance to say her piece and answer questions. It was delightful, and it was *terribly* encouraging. These were just obviously very bright young women and fun to talk to.

So it was apparent from the start that that was successful. That inspired, then, and I didn't have much to do --directly, anyway, while I was there--with the additions to the merit scholar program. I was aware of it and sort of

involved, but with our new president, Mary Metz, at the helm-- she was making a go of that. The board, of course, was giving her all the support she wanted.

Selecting Mary Metz as President, 1981

Morris: Were you part of the process of going out and looking for a new president?

Shetterly: Oh, yes.

Morris: How much advance warning did you have that you needed to go find a new president?

Shetterly: Well, it came pretty quickly after I was there. Barbara White, who was the president, and who was a very capable, bright woman--she came from the U.S. State Department. She wasn't an ambassador, but she had the ambassador rank at the U.N. where she worked. She was a very successful person in the government.

Morris: How long had she been president?

Shetterly: Only a few years. Somebody else had been pinch-hitting before that. I was the new boy on the block, so I just don't know much about what had happened then.

I understand that the board was in a hurry to get someone quickly and wanted to save money, so they did it all on their own. In a case like that, you really should have a search by an outfit that includes staff who specialize in finding people in the field of education, people who are qualified to meet the specific needs of the institution.

Morris: Were there any questions when Barbara White left about the financial condition of the college?

Shetterly: No, it was more that the college needed someone experienced in the academic environment, where she had had no direct experience except having a brilliant record as an undergraduate at Mount Holyoke.

She had a lot of good friends and supporters, and people in government thought she was wonderful. Unfortunately, the Mills trustees got turned off. Many of the alumni association and the students also became turned off. You have

dissatisfaction in those three elements, and you have a problem. She knew it and we knew it. Something specific that she wanted to do, I forget what, brought it to a head, so, I guess, it was by mutual agreement she left. And we launched the search for Mary Metz.

Morris: Who was delegated to be in charge of that among the trustees?

Shetterly: Well, I'm trying to remember. The first decision was to form a search committee of trustees. I was involved, along with four or five other trustees.

Morris: Who was president of the trustees at that point?

Shetterly: Ham [Burnham] Enersen, lawyer from San Francisco.

Morris: From McCutchen, Doyle, Brown & Enersen?

Shetterly: That's it. That's Ham Enersen's [law] firm.

He was, as I recall it, ex officio part of the search committee. There were a couple of women--Bobby Villard was one. Mary Lanigar, CPA, and Gene Trefethen, and one or two others, and myself. Oh, this delightful gal, a female lawyer with Pillsbury, Madison & Sutro. Toni Rembe.

The first thing we did was to get professional help. We hired a firm called Boynton Associates. It's a national firm, but they have an office in San Francisco, and the woman who handled the assignment for Boynton was Julia Hirsch. She turned out to be a very knowledgeable, very energetic, very perceptive--

Morris: Now, does Boynton specialize in higher education recruiting?

Shetterly: It's a specialty which is importantly included in the work that they do, but they work in executive recruitment in other directions, and they do other special jobs for people. They're good. This woman had what she needed to have, which was a thorough acquaintance with the academic world, of who's doing what, and where the hot, young ones who were coming along, and she just knew what she was doing. After a good deal of conversation with her about the requirements for the job, she went to work, and after--oh, not a very long time, maybe two or three months, she brought in a whole list of ten or twelve good-looking prospects, but we whittled it down to four finalists fairly promptly. Each of them was thoroughly qualified and looked good, but as the final step in the selection process, our committee, along with Julia, interviewed

each of the four finalists, and, also, before we made our final conclusion and recommendation, she was interviewed by a committee of the faculty and a committee of the students--

Morris: Separate committees?

Shetterly: Separate, and a committee of the administrative officers of the college. It was four elements all--

Morris: Now, was this a new idea? Was this suggested by the Boynton people?

Shetterly: I don't know who suggested that we do it this way, but there was instant agreement that we should not make the mistake of having the search committee make a choice and then jam it through the board of trustees, because they would be very likely to endorse whatever this committee came back with, because their colleagues are all trustees.

Morris: But the faculty and the students are a different matter.

Shetterly: "Let's check out the faculty. Let's check out the students. Let's check out the administrative officers of the institution." So each of those four candidates spent a fair amount of time--I don't know whether this was a half-day, or a day, with each of those constituencies. We got reports back from all of them before we finalized it.

Morris: What did the students--?

Shetterly: Each of the candidates did well with all four. Some did better than others with this constituency or that one, but there was only one who was enthusiastically endorsed by all four. That was Mary Metz. All the other three got a pretty good endorsement from all four anyway.

Morris: Was one of the specifications that it be a woman?

Shetterly: No, one of the four finalists was a man named Ed Lefevour. He was acting president while the search was going on. He was the dean of faculty and a very capable man. He put his hat in the ring, but the other three were women.

Morris: Was that awkward? I assume he went back to being a faculty member afterwards?

Shetterly: Oh, yes. He had done the acting president stint purely because he was asked to do so. He's a full professor, highly regarded, specializes in things Chinese--history and history of art of

China. Anyway, he was just asked, "Would you like to put your hat in the ring?" and he initially said no. Then he thought about it, and talked to his wife, and so forth, and came back and said yes. We assured him that he would go right back to where he was, at least, if he didn't become the president. So he said, "Why not?" So he was in, and he was well-regarded. He was a serious competitor and a finalist in the selection.

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- Morris: Did the process of interviewing by all these different bodies and then coming back to the trustees with the reports produce any new insights or sharpen up any ideas about what would be good for Mills or what you wanted to charge a new president with doing?
- Shetterly: Well, I think there were benefits that grew out of the search and decision-making process. One was, let's recognize what went wrong before and not do whatever that was again. Also, in the interviewing process, naturally, we asked each of the candidates, and talked with them in some depth, questioning them on their ideas about higher education in general, but especially the role of a women's college as differentiated from coed colleges or strictly male colleges, and what was important about a women's college, and how do you make it better, and all that sort of thing. All of the four had good ideas, but Mary Metz made more of a contribution, not only to getting herself selected but to how the college ought to be run after she was here than the others. And they were all good.
- Morris: So the feeling was that she was somebody who could really take hold and institute some new ideas and--
- Shetterly: And who had that spark of leadership and creativity in her that would stimulate the students. It would stimulate the faculty; it would stimulate the alums and make everybody happier.
- Morris: How did she go about doing that from the trustees' point of view?
- Shetterly: Just selling herself and doing what came naturally. She was good. So good that I'm surprised she's been with us now ten years.
- Morris: I noticed in a Mills annual report that she became president in 1981.
- Shetterly: Regardless, she hit the track running, and she's been doing beautifully ever since. What I started to say was that she's

quite young, but not a kid. I thought it entirely possible that she was not only capable but ambitious enough that, after about five or six years, if the college was doing well, she's bound to be pursued by other institutions. She now has a national reputation--a good one--with people in high places, too. The headhunters for the other colleges and the search committees would be after her, and I don't have to look to believe that it's happened many times. But she's still with Mills, and I think that's wonderful.

I know from other contacts with people in the academic world that there's a fairly good pattern that some of the top people in the academic world, especially college administration, shouldn't stay for the rest of their career, whatever that is, in one institution. There aren't too many of them who do.

Fortunately for Mills, in Mary Metz's case, she's still there.¹ I wouldn't be surprised if next week or next year she gets lured away, because she's not as young as she was, although she's still young enough to have a lot of energy and so forth. At Mills, I don't think there's any pressure to change after five years, or six years, or eight years, or ten years, if the individual is truly performing in a thoroughly satisfactory way. I don't believe there is. The college president also is always the key spokesman for the institution, to whatever constituency, including the student protestors or whoever they are. It's different. It's private, it's small, and it's specialized. And it's not conspicuous.

Student Activism

Shetterly: Cal Berkeley is quite another matter. Harvard University, where two of our kids went during this period of unrest in the mid to late sixties, Harvard took a lot of heat. Our kids were involved in some of it. [laughs] Most of the major universities had a lot of pressure on--and Mills had some. I just happen to know Bob Wert, who was then president of Mills and ended up on the Clorox board. Even at Mills, this cloistered, feminine institution, there was a lot of heat. He had to deal with an awful lot of protesting. It wasn't the almost violent kind of heat that Berkeley experienced, but

¹On June 24, 1990, the San Francisco *Chronicle* reported that Dr. Metz had resigned.

those gals were serious, and they were demanding this and demanding that. It was sort of fashionable anyway, but it's a different ballgame in this small, private, specialized, female institution.

Morris: How much student activism was there while you were on the board of trustees? Did you have much contact with students expressing one or another opinion?

Shetterly: Yes. The one that was most visible--there were a number of the sort of issues that the girls pushed for, but the one that became most visible and called for the most delicate kind of handling was the lesbian group. This was already brewing when Mary Metz came aboard, but it sort of came to a head after she was there, and she and the college deans, and with a little help from the trustees, developed a way of communicating in a clear and fairly comfortable way with these activist gals. So it never really--it got some publicity, as such a thing would, but it wasn't unique to Mills. It was just sort of dramatic because it was a small women's college.

Morris: Did the trustees feel that this kind of student testing and issue-raising was part of the education process or that students should pay attention to their course work and not get the college in the paper?

Shetterly: At least, I didn't think that this would necessarily detract any more student or faculty attention from course work than some of the other things that students had gotten all excited about, especially the Vietnam War and things like that. No. It's just a tender, sensitive subject, and our feeling was it had to be handled well. The biggest concern was that the public, including parents across the country, might think that being a women's college made Mills, along with Holyoke and Smith, especially attractive to the lesbian gal--she'd be more comfortable there without any men around and a lot of other girls. We could check into that a little bit; nobody had, of course, precise figures, but the estimates given by the dean of students and whatnot at other colleges matched up very well with what our dean of students estimated and wherever she got her help from at Mills.

Morris: Do you remember what the general figures were?

Shetterly: I think that there was a feeling that it could be as much as 10 percent of the student body and might, conceivably, be more--could be less--but that was the only figure mentioned, and that agreed with estimates that other colleges, including coed colleges--

Morris: That was what I was going to ask--if it turned out to be similar.

Shetterly: It was often 8 percent, 11 percent, 10 percent. 10 percent seemed to be a sort of a prevalent figure. On that score, at least, we felt that we probably had a representative student body.

Morris: [laughs] Right, that you hadn't become a mecca for some variant behavior.

Capital Fund Needs

Morris: You mentioned that the college president is a key spokesman. Does that include in the fundraising area, too?

Shetterly: Oh, yes, although we had quite a number of experienced fundraisers on our board of trustees, and also we had first-class VPs [vice presidents] of development or whatever they're called these days--they have new names for this--but we had a good one when I went there. She left purely under her own power, and we acquired another great one to take her place named Donna Howard.

Morris: You said that there was a good-sized fundraising campaign that sort of predated Mary Metz's arrival?

Shetterly: No, the need for it was beginning to be recognized before she arrived. When she arrived, we almost immediately decided we're going to have to have a plan to--a capital funds campaign had been talked about before she arrived, but we didn't actually get organized and underway until she was there.

Morris: Did you kind of wait to get in gear until you had the new president aboard?

Shetterly: No, we didn't wait. We were studying it actively, and regardless of when or who came aboard, there would have been a capital funds campaign.

Morris: How does the discussion go, and what makes a board decide that we need to have a major fundraising campaign?

Shetterly: Well, there are several things. There are a lot of different pressures. With respect to physical plant, it's so easy when any educational institution--I know private ones, even the

richest ones, there's always pressure to provide more money for everything. Of all the needs that there are, the one that's easiest to defer is proper maintenance of your plant and equipment. That's the easiest to defer, unless you have a catastrophe, and the building falls down or something. But you go from one year to the next to the next to the next: "Well, it's not too bad, and we can put some Band-Aids on the old building and fix it up a little bit," whatever.

Morris: Is that true in the running of a corporation, too?

Shetterly: It can become a real problem, yes.

Morris: But it's equally easy to defer physical facilities?

Shetterly: Most corporate managements can see the obvious necessity for good maintenance and upgrading the quality of equipment and the modernity of equipment, the staying up with whatever you need to do to remain technically strong.

In an educational institution, it's much easier to put all that facilities stuff off, because it won't really hurt you badly in another year or even another two years, and then you can look at it again. There was so much deferred maintenance at Mills that something was going to have to happen, not just to make sure the physical building is there or the equipment is still there but to keep it up to snuff and up with what the real needs of the college are. So that calls for money.

Endowment Goals: Faculty Support and Student Aid

Shetterly: The other one is, it's also easy because your faculty tends to get sort of settled in and may be less motivated to move around to other institutions. Many of the professors or other faculty members are tenured. They have their jobs for life, and so it's easy to neglect the proper salary increases for the faculty. There was a perceived danger that the board could see, because when we asked for salary comparisons between Mills and other institutions in order to make sure we were keeping up with the competition, in effect Mills was a little bit subpar --not a lot, but a little bit subpar in its faculty salaries.

Morris: How about the question of turnover in faculty? I was really interested in what you were saying about attracting talented students. Does that have another aspect that, sometimes, if

the faculty has gotten sort of in a rut, it's difficult to attract faculty members with interesting new ideas?

Shetterly: Oh, sure, although Mills has been lucky that they've been able to retain, over the years, as many outstanding faculty members as they have. Still, that's a real danger, and the board has been very concerned about it. One thing you don't do is underpay good people compared with what they could get elsewhere.

Morris: But, generally, at that point, the trustees were content and thought it was a good faculty?

Shetterly: We knew it was a good faculty, but we were afraid it was going to deteriorate with all the economic pressures that are on everybody these days, because of the escalation of costs and also the fact that faculty salaries, just like corporate salaries, are subject to competitive bidding for outstanding people. If you've got some good people, you'd better make sure that they're paid as well as their peers in other institutions, or you're in trouble. I think one of the contributions which, at least to some extent, our business-oriented board members may have been helpful in, was in making sure that we were competitive with respect to the salaries of our good people.

So we felt that we had to have some more capital money to improve, rebuild, and replace elements in our physical plant. We had to have more money in the endowment so that we could make sure that we could pay our faculty--and administrators, but primarily faculty--well enough to be competitive. Also, we wanted to make sure that we had more money in the endowment to continue and expand the financial aid capability, especially including the scholarship program, merit and need scholarships, both. We just knew we needed more money, and it's capital kind of money. It's not just operating money from this year to the next. It was very clear.

Morris: How long had it been since there had been a major fundraising effort like this?

Shetterly: I've forgotten. There was one, perhaps, ten years before, or maybe a little longer. That certainly could be determined, but I don't remember it offhand. It was within the experience of several of our board members, so that getting cranked up to do it wasn't proceeding just from scratch and from zero experience on the part of the administration of the college and the board, but we knew we had to get going.

Fundraising Successes

Shetterly: It's been very successful. Our initial goal, which seemed ambitious, was to bring in 35.5 million dollars, and that was to be divided between the various elements that I just mentioned. It was somewhere in the range of three to five years to get that job done--three or four more likely than five, I guess--but anyway the goal was attained early. Automatically, the question was considered, shouldn't we increase the goal and just keep going?

We looked around and talked to other institutions. One thing we did was to watch what Stanford was doing. This was not unique to Stanford, except that Stanford's was perhaps more dramatic than some others. They had had a 300 million dollar capital funds drive. They made it early and got it oversubscribed and immediately set out on another one for a billion dollars. Boom! I don't know whether they've made that one yet or not, but they will. And the moral of that piece, which apparently is just sort of generally accepted now, is you don't stop--ever. You get your organization going, and the confidence that's built by succeeding in your initial effort--why disband all that when you could just keep it going? And that's what they do. So Mills's objective is 60-odd million now, and they're gaining on it.

Morris: So the campaign that you helped plan while you were on the board of trustees is still going on in a--

Shetterly: A positive way, yes. It's strong. We've had nice things happen.

There was a woman in New York, an alumna, who died, and I think it was ten million dollars that came out of that, because of her will. It looked as if that will might be contested by her brother, because it was split right down the middle, so Mary Metz and I went to New York and met with the brother--had breakfast with him and talked it all over. He ended up not contesting anything. I think he wouldn't have anyway, but there were some signs that maybe--a guy like that has his lawyer get all excited, and the lawyer can persuade him to try to break the will. That's how those lawsuits happen, you know. But we wanted to hold his hand a little bit so that he felt a little more friendly about it. He was a nice guy. Actually, he did something positive, something extra, about Mills afterwards.

Also, there was a foundation--they used to be based in Minneapolis, I think they're based in New York now--which specializes in making grants for new buildings at colleges and universities. It's the Olin Foundation. They've got a lot of money, but they're very selective about what they do. They never make a grant as part of the cost of the building or resort to matching funds: "I'll give you so much, and you go out and get the rest, and you build your building." They want to give it all.

Morris: Isn't that nice! [chuckles]

Shetterly: It's nice, except a lot of other institutions that might otherwise get a partial gift out of the total grant budget they have don't get any. Some way, Donna Howard, I believe, that's now the head of what they call the development office at Mills, learned that we were on their list because of earlier requests that had been sent to them by Helen Shepherd or whoever preceded her, even, to this foundation. We were on their list but weren't very high up on the list, we were afraid. So Donna Howard and I went to New York and sat down with the Olin people.

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The reason we were not as sanguine as we might have been about this Olin grant--I think we asked for close to five million dollars to build a new library--was that we already had earmarked money in our capital funds drive at that point anyway to do a partial job on the library, to take what we had in the way of library facilities and renovate and expand with some additions. It would have been a satisfactory library. But these people wanted to talk about only a complete, brand-new, separate library.

Morris: Bigger than Mills had in mind?

Shetterly: I don't know whether the floor space or the physical capacity would be much bigger than the augmented old one would have been--I don't know that--but a completely adequate one. And then, of course, when you do *that* to an educational institution or almost any other kind of enterprise, the freed-up space, the still-good space, is going to be used to advantage by the institution.

Morris: And the freed-up budget, too.

Shetterly: Actually, I had almost forgotten about all that when--about a year ago, maybe two years ago, I was at Nantucket and got a

call from Donna Howard. I said, "What's up?" and she says, "Good news." "What about that?" and she said, "Well, do you remember that visit we made three or four years ago to the Olin Foundation?" I said yes. "Well, they're going to build our library for us." Now, that particular visit was only part of a program of selling Mills's needs to that foundation, so neither Donna nor I can say we did it that day. I'm sure we helped some, but it was one of those happy things that can happen if you really try. So there was close to five million dollars, and then that freed up money that was earmarked for the library to do something else with. So it was a very happy thing. We had a few good breaks like that.

Morris: That sounds like that would be really good for morale for everybody--not only good for the results side but also good for the spirit side, to keep people enthused.

Shetterly: Oh, sure, no question about it. It's exciting, and the library's been built. It opened before we got back here from Nantucket. There was an official celebration to open and dedicate that library. It has a lot of values besides just that one thing. Its value is pervasive, really.

Operating Budget; Alumnae Support

Morris: While this broader vision and long-range fundraising and planning was going on, were there any attention to the general operating budget? Was that in good shape so it could just go on on its own?

Shetterly: Well, there was a lot of attention to it. A good part of the money for the operating budget comes out of the alumnae.

Morris: The sort of routine annual giving kind of thing?

Shetterly: Yes, but stepped-up annual giving. It's alumnae, trustees, and "friends" of the institution. There are a lot of very good givers. Some are alums. Some are married to alums. Gene Trefethen, who has been very generous, for example, was just married to an alum. There are other people. The Haas family --Walter Haas the elder had a very strong Cal Berkeley connection and gave some very significant monies, long before this last fifteen million dollar one. That was done by young Wally and his siblings. [muses] Young Wally--hell, he's almost as old as I am! But Walter the elder--he was a great benefactor of Mills for years as well. I don't know whether

any of his family--I don't think Rhoda [Haas] Goldman went to Mills.

Morris: No, she's a Berkeley graduate.

Shetterly: Wally Haas, Jr. went to Berkeley, too. Those fine Jewish families in San Francisco have been a very important element in the Bay Area philanthropy, especially including education.

Ellie Heller was a lifetime trustee. She was the only one other than Gene Trefethen when I was on that board; they were lifetime trustees--very generous for years. Funny--we'd go down to talk with her, though, and try to get her to make a commitment to do this or that, and especially if we wanted to ask her to commit for a multiyear pledge of some sort. I remember Mary Metz and I went down there and tried to persuade her to do that. She politely refused, and she said she wouldn't know until the end of the year when she got together with her tax person what she was going to do this next go-around. It was not spoken, but I'm sure in her mind was the idea that she, at her age, didn't want to make a multiyear commitment. It would just be a burden on her estate after she died. But she turned right around that same year, within a matter of weeks after we had been there, and made the most generous gift she'd given for some time. So that's the way Ellie was. She was a great gal.

Morris: I should say. Now, did she also go out on the circuit to ask other people to contribute to this fundraising?

Shetterly: She didn't like that. I know she did some of it, sort of--she was a very positive element, but she didn't participate. At least while I was there, she wasn't participating as a member of the fundraising campaign committee or anything like that.

Morris: With more money in the bank and coming in, does that mean that you then have to look more closely at how the money is spent, and how the budget is going, and things like that?

Shetterly: Well, they have to do a very careful job, always, of allocating available money. I don't know whether the fact that the endowment has been doubled will make the allocation of the money any easier or less demanding of very careful spending.

Morris: I wondered if there was any evidence, while you were a trustee, of any extraordinary economic concerns?

Shetterly: Oh, there's always the concern in any institution. Harvard University has to worry about it, even though they're the

fattest cats in the country--probably in the world. There's always concern about it. We had several years of spending more money than the money available and having to divert funds that should have been kept on ice for some purpose or were just sort of reserve funds to be tapped only in emergencies. We had to tap that kind of funds in order to balance the budget two or three years running. We resolved to get out of that box, and that was a factor which led us to go ahead with, and added some more fuel to the fire of need for the big capital funds drive.

Curriculum Concerns

Morris: How about the curriculum side--the kind of educational programs that are offered? Do the trustees get involved in questions of that?

Shetterly: We get involved just because we should. However, I think that, at least in the recent years, the administration and the faculty, with strong leadership from Mary Metz, have been making sure that the curriculum includes the new additional things that it needs to include because of the advance of technologies and whatever. It also doesn't continue to carry courses which have outlived their usefulness.

Some of the civil-rights years, there was a tremendous pressure for ethnic studies, especially the black ethnic studies, all over the country. I remember that the amount of faculty attention--classroom attention--to that subject was decreased. Before I left that board, we had approved a cutback--not an elimination, but a cutback--in the black ethnic study direction.

On the positive side, I was just delighted that coming out of the faculty as well as the administration people--Mills was fairly early to get going in the computer sciences with the students. I was sort of surprised. They had computer terminals all over the place, not just in the classroom portion of it, but they had terminals in the dormitories--not a lot of them, but some--hooked into the main computer and the library. I'm sure by now they've probably gone down that road a good deal farther, not only with more computer equipment and availability and courses, but probably they're keeping up as best a liberal arts college could with the more advanced applications in that field.

Morris: Would that be that somebody rounded up a computer company to donate some equipment, or was this something that--?

Shetterly: After the decision was made that they better get going, yes, there was some effective work done with the manufacturers to give, or give special prices or something, for their equipment for Mills--yes.

I deliberately avoided getting myself personally involved with anything to deal with computers except to learn what they can do and what they can't do--as a matter of principle--for a long time.

Morris: You felt that wasn't management's job?

Shetterly: At Clorox, I didn't think it was. It's management's job to make certain that we stayed on the cutting edge from the manufacturer's standpoint of doing all the things that were most productive, but I didn't want any part of it. So I was being deliberately ignorant except for what the capabilities of such equipment are. I was gratified to find out that Mills had decided that they'd better be competitive in that field. They were, and I imagine they still are.

Trustee Chairman, 1980-1986; Successor Warren Hellman

Morris: That's marvelous. You mentioned Mr. Enersen, and then you became chairman of the trustees.

Shetterly: I took over from him, and he had served for quite a while. Then I stepped down, and Warren Hellman took over. So there were the three in my experience.

Morris: Are you elected by your peers?

Shetterly: Yes. It's usually a practical matter. If your peers think you're qualified, and they have to have a new chairman or chairperson, they sell you on it. [laughs] I remember when I was asked to be chairman. Gene Trefethen again--my original connection who brought me onto the Mills board--he came over and sat down in my office and wanted to talk about this chairman thing. I was delighted. He was completely candid.

He said, "I want you to do this. We think it's important that you do it. Let me tell you first that we've asked two other people to do it, and they said no." [laughter] I said,

"Well, who are they?" And he said, "They're Mary Lanigar and young Bob Haas," who had just become the obvious heir apparent for running Levi Strauss and also had been on the board for a couple of years since Walter Haas died.

The Haas family felt they wanted to have somebody on that board. They must have had some gal somehow in or connected to their family who originally stimulated old Walter Haas's interest in and dedication to Mills. I don't know what it was, but they must have. They felt they wanted to have somebody in the family on the board and Bobby Haas was it. He was better qualified than I--a better age than I--at that time to become the chairman. And Mary Lanigar had long service and was a very bright, capable woman.

Morris: Did she go to Mills?

Shetterly: I don't think so.¹

Morris: She's somebody that turns up again and again.

Shetterly: She's almost a professional director.

Morris: Right, and she's sort of the first woman of the contemporary era to be a major corporate figure.

Shetterly: I think Leslie Lutgens comes fairly close, but she's a little bit younger.

Morris: But Ms. Lanigar was there first.

Shetterly: Well, she's eminently capable. I don't think she's a Mills alum. Several others of the women trustees--very capable women also--were alums, but I don't think she was. She was a CPA, you know, with Arthur Young, and a very successful one and has served as a director on big corporate boards. I guess she still does.

Arthur Young may have had the job of doing the Mills audit at some point or other. Maybe that's what first brought her aboard. That kind of thing happens.

Morris: But she didn't want to be president.

Shetterly: No. She had good reasons, too. She could have done it. I could see why each of them felt they should say no--Bob Haas

¹Ms. Lanigar graduated from Mills in 1938.

because of what he was doing at Levi Strauss. It just didn't leave room for that kind of thing, at least for a while. He said, at the time, once he got settled in, if they still wanted him, he would think about it, but it's awful hard to get all the way settled in any place these days. Mary Lanigar had different but just as compelling personal reasons not to.

Morris: Then, when you decided to step down, was Bob Haas asked again?

Shetterly: I didn't decide to step down. I thought I should step down, but I just ran out the nine years that was the maximum for a trustee. Warren Hellman is very capable and at the right age for the next ten years if he's willing to serve that long. He's a ten-strike, that guy.

Morris: That's a bowling term, isn't it?

Shetterly: Yes. He's not only capable but gives a surprising amount of time. Time to him is a rather precious commodity. I was happy, because I was certain we were in good hands. And he and Mary and their respective spouses get along very well. They go skiing together and that kind of thing. They got to know each other before he was even on our board.

She took a sabbatical--a short, half-year one--last year. Even then something happened that made her cut it short. I don't know specifically what; it was a money question, I'm sure of that. Somebody called me about some aspect of it.

Morris: Were there any signs of a serious money problem while you were chairman of the trustees?

Shetterly: It wasn't obvious. There are always the seeds of that kind of trouble in any educational institution, I believe, but it certainly was not obvious. How it developed, I just don't know.

Trustee Selection and Board Diversity

Morris: Any special issues at Mills that we haven't mentioned that interested you while you were chairman in terms of how a trustee could be helpful or what's needed in higher education?

Shetterly: Well, I think that another thing that was particularly interesting to me was the selection and recruitment of new trustees. I wasn't more involved in that than several of the

other trustees were and certainly no more involved than would be expected of a chairman. But I did work along with Mary Metz, or whoever, to talk to some of the prospects that we had for new trustees.

Morris: Was there discussion about greater diversity--either bringing in some minority people or people from other geographical areas?

Shetterly: On the board, you mean?

Morris: Right.

Shetterly: As far as geography is concerned, we had a few trustees who lived elsewhere. We had two women from New York, one woman from North Carolina. She was a Hanes--the Hanes hosiery company.

Morris: Is that also the Hanes Foundation family?

Shetterly: Yes. Drury Hanes is her name. She got married, and she and her husband are running some sort of a food service business in Dallas now. [chuckles] A very capable woman. Before that, she was strictly in the philanthropic arena. We had another woman from--no, it was her husband. The husband was the trustee, but the woman was an alum from Dallas.

We wanted to have trustees from communities that either were or should be important sources of students and financial support in the future, so we prized the fact that we had a couple of New York trustees. We liked to have New Yorkers on our board, especially since each of them was in a position to have or have access to people with dollars that they would like to send to Mills and also would be the kind to either give or persuade others to give money. We have felt that we *must* always have trustee representation from the Bay Area.

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--since this area counts for the very high percentage of the total student body.

Morris: In the seventies, was there much concern about diversity--whether there should be a black or Asian or Hispanic trustee?

Shetterly: It wasn't all that big a subject, although we did have two black women. Mills is already so ethnically diversified in the student body and pretty well in the faculty, we didn't have to devote a lot of time to that subject. In the first place, we

always had plenty of women on the board--at Mills, the women aren't a minority. And with the ethnic minorities, something always happened. We have a surprising number of students in the college at any one time from Hong Kong. They're Chinese gals.

We had a Hong Kong male trustee for--I don't know--as long as I was there and still. A remarkable man named Y.H. Quong, who, with his wife, sent three daughters to Mills, one after the other, even though his wife went to Wellesley. But they were the successful, wealthy Hong Kong Chinese who would automatically send now, not just young men--that was the Chinese tradition, was to send the young men to college in the United States. The girls didn't get much attention years ago, but in recent years it's going the other way. So now they send the girls just as enthusiastically as they send the young males. So we had a trustee there, and then when he, because of his health, had to get off the board, he communicated with us, and Mary Metz and I went out [1984] and recruited a young Hong Kong Chinese guy who was also very successful in business and had sort of family connections--not blood relationship but family connections socially, and business connections, with Y.H. Quong. So this young man, named Cecil Leong, is on the Mills board now.

We've long had--I believe always is true--black representation on the board. I'm trying to think now. Nancy Hanks was on, and I guess she's still there. She's Bob Maynard's wife.

Morris: Bob Maynard is now on. He was appointed in 1987.

Shetterly: Oh, I knew that, and I had forgotten it. She had to get off, and he came on. I don't know what she's doing now, but he came aboard.

Morris: So her term was up, and he came aboard?

Shetterly: No, it wasn't that. I think it was some other pressure that made her feel she had to get off. But all this happened after I was off the board.

Morris: Is it expected that board members will be donors also?

Shetterly: Insofar as possible, yes. I've never heard of or participated in any discussion with a prospective board member when the person would say, "Now, will I be expected to help raise money?" The answer to that is always "Yes, if you're willing

to do so." The question of contributing money never comes up at that point. It comes up later.

Morris: Well, I gather that it does come up in the arts.

Shetterly: Oh, sure.

Morris: But not at Mills?

Shetterly: Well, in the arts they have one advantage, in a way, I think, generally. I don't know in all the cases. They usually have a demonstrated sincere interest in the museum or the foundation or the whatever it is that's devoted to the arts. I know it isn't always true, but they try to recruit from the people that are already supporters.

Morris: Of the organization's particular cause?

Shetterly: Whatever it is. Well, like the Museum of Modern Art in San Francisco. They have some people on there who are very successful business people who may not have had any very specific direct interest in modern art before. Maybe they always do. I have a couple of friends who are on the board of the Museum of Modern Art. Yes, they've had interest beforehand. They've got a potent bunch of board members over there. Gene Trefethen's on that, and Clarence Woodard is another one who is well into not just modern art but mostly ancient art. He's got an icon collection that's remarkable.

Morris: And he's on the board of the Museum of Modern Art?

Shetterly: Yes.

Morris: That's an interesting combination.

Shetterly: He met his second wife as a fellow board member of the Museum of Modern Art. Her name is Margo Green. She's now Margo Green Woodard. Clarence lost his first wife years ago.

Morris: That's sort of a bonus to taking part in the philanthropic world. [chuckles]

Shetterly: You don't necessarily expect to get a second mate there.

[Interruption]

Morris: I wonder if there are a couple of things that you would like to wind up with about the relative satisfactions or challenges of

your work in community philanthropy as opposed to the corporate world--lessons for the newcomers in the field?

Shetterly: I wouldn't like to tackle it now, because we're running out of time. But I'd be happy to talk with you again about that.



XII CONCLUDING THOUGHTS: AN OVERVIEW OF EAST BAY CONCERNS

[Interview 5: February 8, 1990]##

Youth Development Center Revisited: Private-Sector Jobs for Youth

Morris: Well, today we were going to do what I consider the concluding thoughts. What I asked last time we met was if you'd give some thought to the satisfactions and challenges of your community work and your work in philanthropy as opposed to running a major corporation and seeing the Clorox Company grow under your leadership?

Shetterly: And so? Where do we pick it up?

Morris: Well, looking back over it, what have been the major satisfactions in your civic career?

Shetterly: Well, I think that in my case, the greatest individual satisfaction I've felt for any of the projects has been the success of the East Oakland Youth Development Center. That was something that our company and I as an individual conceived and planned and raised the money to execute, both the building and the programming after that. Not only did we succeed in getting the thing built and operating, but we also have succeeded in providing an ongoing financial base in the endowment for that youth center foundation that we raised, so that, come what may in the future, the institution is assured of at least a financial base that covers a large enough portion of the total annual operating budget that the balance of the budget should be raisable from other sources.

There was a lot of satisfaction there, but the biggest satisfaction of all about that youth center is, that it is really doing what it was supposed to do. It's really making an impact on the youth of east Oakland. They tend to be the disadvantaged, undereducated black young people who can turn to

the center not only for recreation and some cultural influences, but as a source of counseling and motivation and training to find their way to a solid, productive career for themselves.

Morris: And it's continuing to do that over the now fifteen-year period of its operation?

Shetterly: The core program, the most important single part of that program out there, is the so-called JOY program. That hasn't been going that long. That's been going more like eight or ten years. We developed that in conjunction with the United Way people. We were applying for United Way funding on a continuing basis, and they pointed out something that I had been not fully aware of--that the programming at the center--that the emphasis had drifted away from the central purpose, which was career development for these kids. It was not getting anywhere near the heavy, heavy emphasis that we wanted it to have. So with the help of the United Way--actually, they deputized one of their staff members to work with our people at the center for, I think, close to a year in developing what's called the JOY program: Job Opportunities for Youth. That then was launched, and it's become very, very productive, and, as I think I mentioned earlier, we're averaging about three hundred job placements per year. That's out of a normal population of a total of about a thousand young people who regularly use the center.

Morris: Was the United Way advisor somebody from the Oakland office or from San Francisco? Do you remember?

Shetterly: She came from San Francisco. But she had some experience with this kind of thing in other work with the United Way, and therefore Joe Valentine, who was the professional head of the United Way of the Bay Area at that time--I guess he still is, isn't he?--

Morris: Still is.¹

Shetterly: --and who is a good friend of ours, selected her to work with us. She was very, very good and, with the combined effort, finally put that JOY program together. She was an important part of it.

What had happened was that early-on career development was what we were really up to. All these other things, like the

¹Mr. Valentine retired in June 1990.

gymnasium and any other recreational facilities or programs that the center had [developed], we regarded as sort of bait to get the kids in and using the center, and then we wanted to develop a feeling of mutual trust between these kids and the professional staff at the center, so that the professional staff would be so positioned that they could advise and motivate and encourage the kids to find their way to a productive life one way or another. That whole effort--there were many other phases of it, of course, but that's the biggest single thing. It's one thing to raise money to build a facility and put in people to run programs to occupy the kids, but another to make that truly productive or something that has a desirable impact on the life of the kid.

We know that that's happening, so I suppose of all the things I've been involved in, in the way of various causes in Oakland, that would be the one that I find most satisfactory.

Morris: Has the youth center been going long enough that there are some alumni graduates who have gone on and done well?

Shetterly: Oh, yes. Yes.

Morris: Do they come back at all and stay in touch?

Shetterly: Well, many of them do come back. Some who have gone through the JOY program and who have gotten jobs and in that respect have become successful--many of them have discovered that the first job they got was usually an entry-level job of some sort; something that they had mastered pretty well, and yet it doesn't necessarily pay too well--so they've come back to the center for more training to help upgrade themselves and make themselves eligible for more demanding and better-paying other jobs. These jobs, incidentally, that we place them in are all private-sector jobs. There are no government jobs or jobs that are primarily funded by government money at all. They're private-sector jobs. So I guess if you put one kind of a capsule around this effort, put it in terms of the government lingo, people would view this as something that truly has become a demonstration of the private sector not depending on government to get something needed done in the disadvantaged minority community.

[Interruption]

Children's Hospital of the East Bay Building Program

Morris: I understand that you also did some work with Children's Hospital in Oakland.

Shetterly: Oh, I've never been closely involved. Quite a few years back, maybe eight or ten, when they were preparing for their building drive to enlarge and modernize the--

Morris: That big wing they put in on what was then Grove Street?

Shetterly: Yes. They embarked on a very substantial fundraising effort. I've forgotten how many millions of dollars it was. I had no direct connection with it before, but along with other people, I was approached to help with the fundraising. I told them I had my hand out to so many causes for so long that I just didn't feel I should be out in front, actually doing much of the fundraising, if any, but I'd be glad to be a facilitator or a helper-outer.

There were some very good people involved. Rudy Peterson, the ex-head of the B of A [Bank of America], was one of them. Gene Trefethen was involved. He was also in the same boat I was in, which was that he had been doing heavy, heavy fundraising. He had raised a lot more money than I ever raised in my whole life, but he still regarded the Children's Hospital as having such merit that it deserved some kind of help, so he and, oh, three or four other people--maybe more than that, six or eight--who had been active in raising money for various causes, sort of joined into what they call an advisory committee. So I worked on it.

Before they put us to work, of course, part of their recruitment procedure was to take you around and show you what they do with those babies. [chuckles] I defy anybody to resist that. So they did that, and I helped out a little bit--not importantly, but I was very impressed with the merits of that facility, and the people, and what they can do, and were doing.

Morris: When you put together this kind of a committee, are they primarily going around asking for other personal, private gifts?

Shetterly: They're asking for money wherever they can get it, but they don't want to get it a dollar at a time. They just can't do it that way.

They do have a women's auxiliary. They call it the "branches"--who are very potent. Although they raise most of that money from the public at large--and you could say a dollar at a time--they raise substantial amounts of money. Boy, they're good. They are the exception. But the rest of the money was coming from corporations and foundations and individuals. I don't know how much, if any, came from government.

That institution has such an impact on anybody who has any sensitivity at all for children that it makes you want to help. I'll never forget, in the course of all this, that Cornell Maier had never had any direct connection with the Children's Hospital. Being a bachelor, he never had any children. But as head of Kaiser Aluminum, he was sort of a pretty good target. So Gene Trefethen, who was Cornell's senior in Kaiser Industries, and who had worked with him and known Cornell well for a long time, told Cornell he didn't want him to commit to anything, but he wanted him to come out and go through the hospital. When Cornell came out of the hospital, he said, "Tell me what the largest gift you've had so far is, and we'll surpass it." It was in the hundreds of thousands of dollars.

Morris: That's a very interesting story.

Shetterly: I was awfully glad I did help out a bit, because a few years later--I think it was only a couple of years later--our youngest son and his wife, Sally, had their first child, a daughter, who was born in John Muir Hospital out in Walnut Creek where they live. She wasn't a premature birth, but she was a very small baby--four pounds and something. She was having trouble, in that Muir Hospital, assimilating her food and metabolizing it. So the doctors became concerned about it and urged that she be moved to Children's. She was, and her problem was solved within five days. It was just wonderful. So I not only was very grateful for what happened, I'm glad that I had been lending a little support to the institution. I voluntarily gave them a modest gift just for what they did for the baby.

Morris: Yes, I can believe it.

Fundraising Techniques

Morris: In one of our earlier interviews, you spoke about the importance of accepting the responsibility for seeing to it

that the money is raised for an organization. What is it that makes a good fundraiser?

Shetterly: I suppose that you could say that it's the motivation of the individual, and the development of a determination to get the job done is the sort of overriding thing. I think, of course, in many cases, including my own, for a top officer of a corporation--it isn't always true, in my case it certainly was --that having the support of a strong and dedicated company behind him makes a tremendous difference.

Morris: If you come in with a reputation of being a top executive in a strong company, does that give you greater access or greater credibility when you're asking for contributions?

Shetterly: Well, it gives you greater strength. Yes, better access, *more* credibility.

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That has the effect of not only making access to other such people easier, but it also tends, in many cases, to put it on a somewhat not just mutually supportive but competitive basis. Guys like to hold up competitively against the other guy. The United Way, for example, has used that idea for many years. They'll have this division competing with that division. Each of them is headed usually by a principal officer of one of the companies, in our case, around the bay. They have a target, a quota or objective, in dollars that they're supposed to raise per person, or just a total. It's competitive. It sort of makes it a little more fun and gets it done better.

Morris: I see--kind of like a golf match or something like that.
[chuckles]

Shetterly: Yes, sort of like that.

Further Reflections on Oakland Schools: Sustaining Change

Morris: I was wondering if you had some thoughts about encouraging other companies to do what Clorox did in going out and finding a cause to adopt and to take on as their own--kind of the opposite of not invented here, which you said was a problem in trying to get other companies to take things on?

Shetterly: I remember in the days of [my work with] the Oakland public schools the concern that the business people--all of us around Oakland were increasingly concerned about the poor performance of the Oakland schools, or the poor performance of the students that come out of the Oakland public schools. I remember when working with Ruth Love--we took on her concept of the Adopt-a-School program, in which an individual company would "adopt" a given individual school to work with and help and support, whatever, to help that individual school improve its performance. I remember that we, Clorox, got in early. So did Kaiser Aluminum. We adopted Castlemont High School, and I think I mentioned earlier that Kaiser Aluminum adopted Oakland High School.

We also tried to encourage other corporations to follow suit and adopt a school. We had some successes--rather limited. We didn't get every one of the Oakland schools adopted by somebody, but we did get a fair number of--I don't know--six or eight, or maybe ten companies to do that. The concept was, I think, a very good one, but the trouble with--you could get started, but sustaining the effort over a period of years was very, very difficult for all kinds of reasons. Often the reason was that the people at the school just ran out of gas or enthusiasm or changed their focus from this way of teaching--not just way of teaching but this particular effort toward improvement--over to some other way of doing it. The schools are always besieged by people who come by with all kinds of ideas, and even within their own ranks, saying, "This is what we've got to concentrate on," and, all of a sudden, your program that you've painstakingly developed with the faculty and administration of a given high school, or middle school, or elementary school--all of a sudden, it isn't there any more.

That was probably *the* most disappointing result of the efforts that local business people put forth to try to help improve the schools. It wasn't just the Adopt-a-School program. It was other things, too.

Morris: Did it seem that it was hard for the schools to work with an outside--

Shetterly: Well, at least initially, that wasn't so much of a problem. The problem was sustaining the interest of the people that had to do the work, and the administration people above them, and avoidance of diversion of that effort from this idea which

looked promising--and many times it was--and deserved to live. But some other idea, or a new superintendent comes in, or something happens, and all of a sudden you don't have the program operating at all, or even if it is operating, it's limping along and not really getting the attention that it has to have.

Morris: Did you get a sense that either the Oakland board of education or some of the Sacramento supervisory bodies had other ideas that they wanted pursued that took priority over the Adopt-a-School program?

Shetterly: Yes. It's hard to identify any particular force that was most inimical to the Adopt-a-School program, but, yes, the matter of improving public education, especially in a school district which is in trouble, seems to bring out change. Some change, of course, is great, but everybody--the educators themselves, the State Department of Education, and the county, everybody, as well as the local school district, and school board, and faculty--everybody has, legitimately, I suppose, another idea about how to do it. A school system like the Oakland public schools is just assailed with these well-meant ideas, including--well, actually, assemblymen and whoever so that the job of the superintendent of schools and of the school board itself is tough, tough, tough. The more trouble you're in, the more pressure there is from all sources to try to help correct, and the more different ideas that you get about how that should be done. So it's sort of--the troubles feed on themselves, really.

Seeking and Electing Better School Board Members

Morris: If you had lived in Oakland, you probably would have been asked to run for the school board or the city council yourself as you became visible in--

Shetterly: Well, my wife and I have lived in Oakland for ten years. I'm surprised at that, but when I was still in Orinda, why, that wasn't a possibility. I didn't want to do that anyway.

Morris: In Oakland or in Orinda?

Shetterly: Oh, Oakland. Orinda didn't have anything like the problems that there are here. That's the Acalanes School District, and that's a different cup of tea entirely. They're one of the best in the state--at least, they have been.

Morris: Right.

Shetterly: They had very, very fine schools. When we first moved here in 1965 from Cincinnati, we were looking around to decide where to live. We still had our youngest son who still had two years of high school to go. He had been in a private day school in Cincinnati for his first two years, but he was determined that he wanted to go to a public school.

Morris: Really? Good free-thinking children. [laughs]

Shetterly: I know it. We had three of the most liberal kids that any Republican father ever had, which is wonderful. But he wanted to go to a public school, and we searched around the Bay Area and even thought of living in San Francisco. We discovered that Lowell was really a first-class school, but the rest of them weren't all that great, mostly. East Bay seemed more appropriate anyway, since I was going to work over here. So we thought maybe the Montclair or Piedmont area would be a good place. We knew that the Piedmont school system was first-class. We looked and just couldn't find, at least not quickly, the kind of house that we wanted to live in in Piedmont. I don't know why what we wanted was in such short supply. I think the main reason was that most of those houses that were available in Piedmont--there weren't too many of them anyway--were great, big old barns.

We had just moved from a great, big old house in Cincinnati, and we had only one child with us for two more years, and we wanted something little. Finding something little in Piedmont isn't all that easy, especially if you're more or less in a hurry to find it and start living there by the time the school year starts in September. So we looked around. We heard about the quality of the Acalanes system. Then we started looking in Orinda and did find a place there, and our son went to Miramonte for the last two years of high school.

In Oakland, I was never approached to run for the school board. I wouldn't have anyway if approached, especially in the early years out here, because I just *had* to concentrate on Clorox primarily. Being on the school board is just about the biggest consumer of time and abuse and frustration that exists.

One thing I did do, along with other people--a bunch of business and professional people who all were very concerned about the quality of the Oakland school system--was that we knew, of course, that the ideal way to fix it was to get really first-class people on that board and then also, through the

board, get a first-class superintendent and really deal with the kind of support that he or she needed to get things done. So we started to work on trying to identify and encourage and then support better school board members. We worked on--let's see. You have to wait until an election is coming up, because they rotate people on and off that board. We did--in one election, we got three identified and elected.

Morris: Did your group have a name?

Shetterly: No. It was a very informal group. There were people like Justin Roach, who's now dead, but a very public-spirited lawyer in Oakland; Jim Vohs, the head of the Kaiser Health Foundation and hospitals business; several other guys. We worked pretty hard. One of them was a black guy that we found in west Oakland. The other two came from this part of the world, Cathy Crawford and Pat Monson, two women who were very dedicated, knowledgeable, strong women. They got themselves elected, really, because they were strong people, but I know that they welcomed the support that we gave them.

Morris: They were already candidates and your group decided to--?

Shetterly: Cathy had to be persuaded, as I remember. Pat decided she was going to run. This guy from west Oakland, the black, I think, would have run anyway, but after we interviewed him rather exhaustively, we decided he *should* be, at least, a decided improvement over most of the other people that were on that board. But we did succeed in helping to get those three, and we were in the process of looking for others when I retired. I still try to lend a hand from afar, but, being away for six months at a time, I am not as effective now.

Morris: You lose the thread of what's going on and--

Shetterly: That's right, and I wouldn't be available when I needed to be, and that sort of stuff.

Morris: At some point--I don't know if it was as far back as when you were active--there has been a woman on the school board who is also a staff person in Senator Nick Petris's district office.

Shetterly: Yes, Alfreda Abbott.

Morris: Was there any sense that her position on the school board affected her work for Senator Petris or vice versa?

Shetterly: Her work for Senator Petris was sort of her base for getting started on anything, because that involved her in the political

machinery. It may be unfair to her, and I'm sure she's a capable woman, but I frankly felt, and some others did, that she wanted a job on the school board primarily as a stepping stone politically. There's a good deal of patronage available to those people, and they can--

Morris: On the school board?

Shetterly: Oh, sure, the jobs. They can use that as a base to develop their own political constituency.

Morris: I thought most public school jobs were like most city jobs-- that there's a local equivalent to civil service. You have to pass tests and things like that.

Shetterly: Well, there's some of that, I'm sure. I don't know just what it takes, but I do know that there's been a good deal of dispensation of jobs and--well, other favors are available, maybe even contracts, I don't know, for building or repair, whatever, a fair amount of that which is sort of built into the system, I suppose. That factor exists. Therefore, that makes what I consider one of the most difficult and frustrating jobs in the world more acceptable to some individuals.

Morris: It looks as if some of the people who want to run for the school board do so because there's patronage and other possibilities.

Shetterly: Oh, sure. And there are some educated other people, so it's a mixture. But that fact makes it hard for just a concerned citizen who cares about the quality of public education to get elected in the first place, because those cookies are in there more or less professionally running for office against them.

Morris: Did your group find some professional help for the candidates that you thought looked promising?

Shetterly: Yes, we did. We came upon a man named Larry Tramutolo, who originally was a labor organizer but who had quite a track record in a very quiet way, not out in front but in the background, of advising and helping engineer and promoting a given candidate for office. We also raised a little money for him. He had to live on something.

Morris: Is that the same Tramutolo who is credited with having organized the neighborhood campaign that elected Art Agnos mayor of San Francisco?

Shetterly: I doubt it, although he's been involved in other-than-school-board campaigns in the East Bay. I don't know about anything in the West Bay, but I'm out of touch. He could have been involved over there, because he's good--very effective, skillful, quiet, but a strong guy. We got help from him.

Morris: And his skills were such that you didn't mind his labor organizing background--you, the committee?

Shetterly: Oh, we didn't mind it. Labor has a right to organize, and if he was effective at this job and a decent enough guy anyway, why, we welcomed him. None of us can afford to be anti-labor, and we're not. Really, we think that the unions perform a real function.

Morris: Speaking of rivalry, employee and employer is sort of a classic--"rivalry" is a better way to describe it in the sporting sense than in the real antagonism that is sometimes said to characterize labor-management relations.

Shetterly: Well, the management-labor relationship, except for some sad exceptions, where it's just bad, bad, bad--in general, it's a healthy contest. It's a checker game.

Morris: Right. But you don't hear it often described that way.

Shetterly: Well, that's what it is. You make a move; they make a move. You anticipate their move; they anticipate your move. Then you make it, and then they jump on you, or whatever happens. I know there are exceptions to everything, but--

Morris: Did you have some labor officials involved in this informal support group for looking out and encouraging promising school board candidates? Were there any labor people involved?

Shetterly: I suppose it's inevitable that some labor people must have been involved sometime, someplace, but not in my experience.

No. I guess of all the things that I and others like me in Oakland tried to get done to help improve the Oakland public schools--none of them yielded a fully satisfactory answer. For example, on that school board effort, we did help get Cathy Crawford and Pat Monson elected. And we helped two blacks get elected.

It was about the time that Pat and Cathy got onto that board that that already bad situation in the Oakland school system began to get progressively worse, not because they were on the board but in spite of the fact that they were on the

board. They had their heads screwed on right, and their motives were 100 percent good. I was terribly disappointed just recently to hear that both of them are not going to run again. I can't blame them. Those two gals fought in those trenches for years and years, up against some tough opposition --so long that they have a right to get out. I imagine that they feel as bitter and frustrated as anybody.

Morris: Had they served more than one term?

Shetterly: They both got reelected once.

Morris: Right. So this would be, like, eight years, coming up to the end of eight years.

Shetterly: Is it a four-year term or a three-year term? I've forgotten.

Morris: In Berkeley, it's a four-year term.

Attempts at Institutional Change

Shetterly: Everything that the business people that I worked with and knew tried to do to help improve the Oakland school system yielded either a very modest return or virtually no return. Another thing that we tried to do--after Ruth Love left to go to Chicago as superintendent of schools, there was an interim superintendent, a very good educator, Bob Blackburn. He was a good man--is a good man, I'm sure, today. He was the white guy who was assistant superintendent when--who was the black superintendent who was killed by the Symbionese Liberation Army?

Morris: Marcus Foster?

Shetterly: He was beside Marcus Foster when he was killed, and he got wounded himself.

Morris: And continued as assistant through Love's tenure.

Shetterly: Yes? I didn't remember that he was assistant through her tenure, but he was asked to come back to be a temporary superintendent of schools until they found another one. He was aboard. It was in that period that we went to him, we of private business in Oakland, saying, "We understand that there are so many terrible problems that have to be handled to get this school system really doing what it should be doing, and

not all of them are local. There are different things that require new legislation or elimination of old legislation--"

Some of them had to do with the curbing and channeling of the power of the teachers unions. That was one of the factors that made it *terribly* difficult to replace a principal in a school, no matter how *bad* he or she was. It was very hard to fire anybody. And then, if you could get through that, you had trouble with your own school board, because they didn't want one of their cronies to get fired, and so on.

But we went to Bob Blackburn and said, "We know that there are some of these big things that--"

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Morris: What was his response?

Shetterly: A lot of these things take a long time and are very hard, and so forth, and yes, they should be done, *but* what is there in the way of some sort of program which will have the effect of upgrading the quality of public education in Oakland fairly quickly, and something that's not so big and expensive and fraught with difficulties or prohibitions or whatever, so that we could get it done--in other words, something that is feasible?

So he said, "Give me some time," and not much time. He only took about three months, as I remember. He studied it, and he studied it hard. He didn't do it in a vacuum by himself. He did it in consultation with an administrator or two and especially school principals themselves--some of the ones he really had great respect for and knew were knowledgeable. So he developed a program which called for the upgrading of the performance of the school principals in the Oakland system over a short period. I think it was two years from the start of the actual program itself--at the most, three, but I think it was probably two.

We business people responded positively to it, but in order to double-check the thing in our own judgment, we talked with various people in the field. I remember checking with Bill Honig, who was then emerging as a force in public education.

Morris: Before he was state superintendent?

Shetterly: Oh, yes. But he was shooting for that. I've forgotten the exact timing. We talked with him, and we talked with his wife,

who was quite a gal, too--she was a very strong, attractive woman--especially Bill, because he personally had been a principal and a superintendent, about whether this program should work. The answer was, "By all means, it should. If you can get it executed, it will work."

So we talked about the cost, and the acting head of the board of education said that they could dig up some money that was available for that sort of thing--not a concerted, systemwide campaign, but that sort of thing--within their funds that they had in the school system. But they were going to be augmented by funds from the outside, and it wasn't a big amount of money. It was the kind of thing that could be done quite cheaply. I think we had to raise a hundred and fifty thousand dollars a year for two years, or something like that.

Anyway, we went out and raised it, and the program was refined and written down and presented to everybody inside and outside of the school system itself who was involved. We knew it was folly to spend much time lobbying the school board about it, because the people that we knew about from the standpoint of really being interested in getting something done would be all for it automatically. Some of the others would have a better way to go, so we didn't want to bother with that. But we did go as far as--I went over with another guy and talked with Bob Maynard, the editor of the *Tribune*, at length about this.

Morris: What did he think?

Shetterly: Oh, he thought it was great. What we wanted was the *Tribune's* support, of course.

Morris: And some publicity about it?

Shetterly: We didn't want to publicize it too much, because when you do that, you attract flies. We just thought the quieter that we could keep it--but we needed individual support from the parents and all. So we thought that Maynard would be a good--as an individual--influential guy, but also because of the *Tribune*, he would be a good man to have on our side. He was very interested in it. In fact, he helped raise some of the money.

So off we went. The program was just nicely getting under way when the school board identified the new superintendent of schools, the black guy named David Bowie. Bowie was, I'm sure, a good man, but he was not politically adept. He was not used to having to cover his haunches or his flanks against all kinds

of crossfire or political attack from all kinds of different directions. But especially--

Although we bore down pretty hard on David, I had lunch with him probably four or five times just to make sure he got sold on it and kept sold on it. Others talked to him, too, of course. We had a little trouble because--one, the NIH syndrome. He, being a brand new, clean slate [said, in effect], "Let's do this thing my way." Also, before long, he seemed unable to build enough of a constituency around him that he was darned near drummed out of the corps before he finally left here.

Morris: He didn't develop a constituency--

Shetterly: Not good enough to protect him, no. He was just almost forced to leave. It was terrible and unjustified, largely. Of course, if you go into that kind of warfare, you'd better be able to take care of yourself, and he just wasn't equipped with that kind of armor.

Morris: Is that the kind of a skill that you can find out about somebody in the recruiting process?

Shetterly: Well, I don't know. You'd be lucky if you did. He had come from southern California, where he had been a very successful public school administrator. I've forgotten what his title was, but at worst, he was number two man in a big school system in southern California, so he should have been able to take care of himself, one would think. But he was primarily an educator.

Morris: Not a strategist?

Shetterly: The finest educator in the world isn't necessarily a good politician.

Morris: A streetfighter?

Shetterly: Streetfighter is a better term, yes.

Morris: When you were raising money for this project, did you go to local foundation people?

Shetterly: In this case, we didn't go to the foundations. In the first place, the amount of money we needed wasn't all that big. Secondly, the process of raising it from foundations takes a while, when we knew that we could raise a moderate amount of money--in this case, it was in the general scheme of things

quite a modest amount of money--very quickly from the Oakland business community. We didn't wait for that. We just went ahead and raised it.

Morris: Asked the people at the table.

Shetterly: Yes.

Morris: Does that come out of company community affairs?

Shetterly: In general, it would, yes. But in a lot of companies, including Clorox, there's always some sort of discretionary capability for an unbudgeted, unanticipated special item that seems to have a lot of merit and doesn't completely throw you into a tailspin with your contributions budget. Sometimes, you help fund a thing that's outside your budget entirely, and it's special money that has to go through the CEO of the company. If it isn't a big amount, why, it doesn't have to go to your board. That kind of money can be raised very quickly one way or another.

Morris: Because the key people in the community think it's an important thing to do right then? It needs to be done within a time--

Shetterly: Well, to help people in the governance of the school system. I guess the community at large we didn't consult at all. We didn't have time for that.

Morris: Right, but the people in your business community network.

Shetterly: Oh, well, yes. It was easy to explain to them and had been looked over by enough qualified people to assure them of its merit, so boom, boom, boom, you could do that quickly.

Political Obstacles and Maneuvers

Shetterly: I haven't completely thought this through until--you raised the question about reviewing the history of support or efforts, in one direction or another, for charitable or community causes. Everything that we tackled--we, the limited number of business people who were associated with this kind of effort in Oakland --looked good at the start. Every one of them, whether it's this matter of training, and upgrading, and replacing, and so forth, the principals in the system, or whether it's the recruitment, and motivation, and support of better candidates for the school board, or whether it's the Adopt-a-School

program--all three of those things are the ones that I was more associated with than other efforts. Every one of them was either a limited success or a gradual failure. Initial success to some extent, and it just--whatever it was, it was eroded afterwards. So it was very disappointing and terribly difficult. I'm sure it's not any easier in many other cities than it is here, but I'm also sure that the political factor is the biggest single obstacle one way or another.

Morris: There's a political factor specific to Oakland?

Shetterly: Yes? I didn't understand quite what you're asking.

Morris: Well, as opposed to San Francisco, say, or Los Angeles, or--

Shetterly: Oh, I bet some of this same stuff is true. I don't know how the Los Angeles system is organized--whether it's one great, big system or broken up into pieces--but certainly any district, including Los Angeles, includes an important segment of disadvantaged poor people, especially blacks, but also other minorities. Any such school system will probably have many of the same problems that there are here. I don't think Oakland has a patent on it.

Morris: We hope not. [chuckles]

Shetterly: It must be true to some degree in San Francisco as well. But the disadvantaged have-nots and their apostles and leaders throw a political element in there which, however meritorious it is from the standpoint of advocating and representing the interests of their constituencies, can be very destructive, because it makes it hard as hell to get something done or get something corrected. That was true in some other things that we tried to do in Oakland, too, not connected with the school system.

Morris: You also made some tries at things in terms of the city council's area of--?

Shetterly: We were never all that active in city council. We were a little bit, but nothing like what we tried to do in trying to help the school system--Clorox, I'm talking about. We contributed to, initially, the campaign of Lionel Wilson, the mayor. Not that we were questioning Lionel, but we didn't want to have our contribution viewed as a kind of thing that was divisive, so what we did in the mayor's campaign at least once, and I suppose it's happened since, is to make a contribution--not a big one but enough to be glad to have--to Lionel Wilson and his chief or only opponent when the runoffs produce a two-

person race. So we give equal amounts. The justification for that was to help insure a public airing of the views of the candidates on both sides.

Morris: That would be when Wilson Riles, Jr. was running against him?

Shetterly: No.

Morris: Okay. Earlier.

Shetterly: Earlier, yes.

[Interruption]

On occasion, we support a candidate for the city council who we thought had merit--an individual candidate, not the mayor, any more than I just said--but the person that we thought should be elected, if possible. We never gave tremendous amounts of money--modest amounts. City council shouldn't take tremendous amounts of money, anyway.

Morris: [laughs] We devoutly hope so, yes.

Oakland Museum and Symphony

Morris: It sounds as if pretty soon you began to have everybody in town wanting you on their committee or asking for you personally and for Clorox's support for their activities. How did you decide who to say yes to and who to say no to?

Shetterly: Well, generally, what we tried to do was to decide it on the merits of the proposition, whatever it was--the cause. But I was certainly not the only guy around who was subjected to that sort of thing. That went back and forth between all kinds of people. Once any of us really gets going in these activities and becomes a little conspicuous, if not to the public, at least you do to other people in the community, especially the business community, and I had a good deal of opportunities to help here and there. I'm sure that others had more than I did. I imagine a man like Cornell Maier must have been more besieged than I, and he was a very, very effective guy. Jim Vohs, same thing. Gene Trefethen, same thing.

Morris: Do you have some kind of a rule of thumb about how much time you can put in on community good and welfare when you were also trying to run a corporation?

- Morris: And you said that you hadn't particularly had much to do with the college before you were on the board.
- Shetterly: I had had nothing to do with it. I first said yes to go on the board of trustees as the second step of the mutual backscratching operation that goes on these days, but, once I was there, they handed me some work instead of just allowing me to sit in the board meetings.
- Morris: Is that a problem in many organizations?
- Shetterly: Well, sometimes the boards will forget to make certain that new members are promptly given committee work or other assignments of obvious legitimacy--real, not just make-work. They just don't use the people, and the best way to identify with a cause is to become involved with it and actually work on it. They put me immediately on a committee that really sparked my interest.
- Morris: That's a big board. I was looking at the current financial report, I guess, and there are something like thirty people on the board?
- Shetterly: Something like that.
- Morris: Isn't that large in terms of managing a group of policymakers?
- Shetterly: It is, but a college board can be, at least--and Mills certainly is--different from a corporate board or many other kinds of boards, in that the matter of getting most of the work done by specific committees on different subjects and the president and her staff--it's easier to organize that and get it done and keep all your board members busy on something than it is in a corporation. I guess I could figure out why that is, but I haven't given any thought to it. In fact, I haven't thought of that comparison until just now. But it can be done and is done at Mills. Everybody works on something, even if they're the newest board member in the place.
- Morris: Yes. The debate about all-women's education versus coed education has been going on now for about twenty years. Have you given the matter some thought?

Shetterly: Some, but it's coming to a head at Mills as you know, I guess.'
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Morris: I was thinking about your own self in the time that you were at Mills.

Shetterly: I was very thoroughly convinced that, if possible, Mills ought to remain a women's college indefinitely. I think that the way you have it, which is that they have men in the graduate school, is all right, but the undergraduate school is all women, and it would be wonderful if it could be kept that way.

Morris: Is it a marketing question?

Shetterly: It's a financial question.

Morris: Right, but the other institution that I'm familiar with is the University of California, which has something like thirty thousand applicants a year for eight thousand openings. Looking at the statistics, the smaller the college and the more specialized, it seems to me they have a smaller pool to draw on. Would there be a way for some of the people--the oversupply at the University of California, for instance--to get diverted to the smaller private schools?

Shetterly: Oh, I suppose there's some way, but there are two obvious obstacles to that. One is practical. There is no tuition as such at Cal Berkeley.

Morris: It would cost you five or six thousand dollars a year to attend Cal.

Shetterly: Well, that's a good deal, a lot less than Mills College today. That's one very practical thing. The second one is an awful lot of high school graduates are looking for a kind of a breadth or specialization of academic experience that a liberal arts college like Mills just can't offer. Those two are big things. It doesn't mean that a small first-quality liberal arts college can't survive and deserve to, because it can, but if you're trying to set as an objective siphoning out high school graduates who intend to go to Cal--divert them to Mills--that's tough to do. You've got those two very fundamental things going.

¹In May 1990, Mills trustees voted to admit men undergraduates. After several weeks of student protests and negotiations with students, faculty, and alumnae, the vote was reconsidered and a three-year plan began for intensive fundraising and restructuring of college programs.

Also, you've got another thing. A hell of a lot of women want to go to a coed school. Like 97 or 98 percent of them.

Morris: If those reasons are all valid, then maybe there's not an argument for an all-women's school.

Shetterly: No, I don't think that's right. It doesn't follow. If women develop better at Mills than they would at a coed school, whatever that alternative is--if they develop in that nutritive women's environment with the support, and help, motivation, and all those things that go together in that place that they couldn't get being overwhelmed by the male element or just the bigness of the coed schools--it has a right to live. The record at Mills--the achievement by Mills College graduates is very, very impressive. It has been for a long, long time.

Morris: Thank you very much for all the ideas you've shared.

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R. B. SHETTERLY REMARKS - WESTERN REGIONAL CONFERENCE OF
UNITED COMMUNITY FUNDS AND COUNCILS
SANTA BARBARA - APRIL 17, 1969

Appendix A

Thank you, Mr. Akana.

It may occur to you to wonder why I, and the other private businessmen on our committee, are interested in this particular study. We're not sociologists. We're not politicians. We're not zealous do-gooders. We're not even very well informed, at least we're not going in, as to the relative merits of the agencies now receiving funds from the United Bay Area Crusade.

Why, then, are we business people involved?

First, I guess I'd better tell you some of the possible reasons that do not apply.

It's not because we have idle time on our hands. Just the contrary. Time is the most precious commodity we have.

Nor is this an effort to increase our personal popularity. About the last way I know of to win friends is to recommend that their pet agencies receive a reduction in funding from UBAC. Yet I suspect we're going to have to make some such recommendations.

Nor do we have much interest in taking a slap at our fellow citizens, the volunteer connected with UBAC, who have worked long and hard at allocating funds in the past. Many of these men and women are friends of ours, and well respected friends.

No, none of these reasons applies.

But what does apply? Why do we tackle such a job?

Is it because of the feeling of personal need to make a contribution to our fellow man? Or a feeling of guilt about not having made more such contributions in the past? Now we may be coming closer. There's a new breed of businessman today. He's more concerned, more aware of the needs of the deprived, the disadvantaged, the unemployables. And if he turns to organized religion for a channel of self-expression, he usually finds it there only imperfectly or sometimes not at all. Often as not, the minister in the pulpit seems more interested in salving his congregation's conscience than in calling attention to things that need doing in the ghetto only a mile or two away.

Yes, I suppose the matter of self fulfillment is a factor. And the businessman is often not too modest to admit that his business experience and know-how may provide a service which even the professional social worker can not provide.

What about enlightened self interest as a motive? Yes, I believe that is a factor, too. Today's breed of business executive knows that if his business is to remain healthy, it must have a healthy community around it. To attract workers, and to hold them, there must be good schools, good hospitals, good cultural institutions. Neither factory workers nor office workers enjoy driving to work through slums, or having their homes or their persons threatened by gangs of teenagers or by rioting mobs. And therefore today's businessman feels real concern, selfishly for his business, about welfare, education and related subjects.

But the biggest reason of all, explaining why today's businessman is interested in this study of allocation of UBAC funds, is one I've only touched on but not developed. This is a matter of dollars and cents, and is just about that simple.

In business today, control of costs is not only desirable, to help to make profits; cost control is often the difference between success and failure. Sometimes it is the key to survival.

Only a few decades ago, labor was cheap. raw materials were cheap, taxes were a fraction of present rates, and competition was mild by today's standards. Further, none of the basic elements of cost was changing very fast.

Today, almost every element of cost is increasing rapidly, inexorably, and competition is so intense that raising prices to recover the increased costs is not only unpopular with the government and the public, it is often a competitive impossibility.

So, as the business executive looks at his figures, and sees his profit margins narrowing, the control and reduction of costs is one of the greatest demands made upon him, and on his organization. This job has to be done.

What, you may ask, does all this about cost control within business have to do with the allocation of funds by the United Bay Area Crusade?

It has a great deal to do with it.

As most or all of you know, today about 80% to 90% of the monies collected in Federated Fund Raising comes from business itself, from corporate gifts, and from in-plant solicitation.

The contributions made by businesses are no longer just an annual gesture of support. They are an important element in the cost of doing business in a community. Most every responsible business I know of has an annual "Contributions" Budget. It gets bigger every year. And it is no longer peanuts. It receives the same careful scrutiny, every year, as the budgets for salaries, wages, advertising or whatever.

Some people say to us, "Yes, but contributions to my cause are tax-deductible." Of course they are. So are wages and salaries tax-deductible. But they are still costs. And an increase in the contributions cost should get just as careful scrutiny and should require as much justification as any of the other costs.

If in our continuing study of our own businesses, we find duplication, waste, or inefficiency in almost any segment of our costs, we have no alternative but to do something, to make the necessary changes. Why should the allocation of the funds we contribute to community agencies receive any different treatment? If we help eliminate waste and make the contribution dollar work harder, we will have either reduced the total dollars required, or made them more productive, or both.

I hope you realize that we realize that the job of our Study Committee will not be easy. When the study is completed, we will probably have to recommend that one or more agencies now receiving UBAC funds should have their funds reduced, or, conceivably, be cut off altogether from UBAC funding. This may have to be our recommendation, even with respect to an agency which is clearly worthwhile. In fact, I have no question but that every one of the agencies now receiving UBAC funds is doing worthwhile work.

Having recognized this, then, the job becomes one of assessing the relative value of the different agencies in meeting the primary needs of our community, now and for the future. We suspect that the only sound way to get at the matter of re-allocation of funds will be doing this on a policy basis. In other words, our recommendation may end up being a re-statement and modification of the current policy for allocating funds, and the revised policy statement will have to be as clear, and solid, and impregnable to attack as we can possibly make it.

This kind of work, the formulation or revision of policy, is also familiar ground to today's business executive. Our hope is that the businessman's approach to policy will be productive, just as we hope that the businessman's approach to cost control will also be.

Thank you very much.

F. B. Shetterly Speech
MANAGING AFFIRMATIVE ACTION SEMINAR
Claremont Hotel
April 2, 1975

Appendix B

Thank you, Mr. Shearer:

I welcome the opportunity to participate in this discussion today.

Let me say at the outset that I do not consider myself to be an expert on the subject of Affirmative Action. Interpretations of Equal Employment Opportunity laws and Affirmative Action regulations are changing almost daily, and anyone who calls himself, or herself, an expert must certainly become a student of the subject.

I am not such a student, but I am a businessman, a corporate president, who also is committed to making Equal Employment Opportunity and Affirmative Action work in his company. Therefore, I have some viewpoints about the role of the company president in implementing effective Affirmative Action efforts -- efforts that are intended to assure Equal Employment Opportunity throughout the company without regard to sex, race, color, religion, national origin, age, or handicap.

My viewpoints are based on a very basic premise: that a company president or chief executive officer has the obligation to run the business responsibly. That includes obeying the laws. EEO is the law of the land; therefore, obeying the letter and spirit of the EEO laws is a requirement, a responsibility.

But, there is much more to EEO than just obeying the law and doing what is morally right. Any organization, regardless of its function or its size, is only as effective and successful as the people in it. Company presidents have the responsibility for seeing that their companies get the best available men and women to handle the jobs required to operate the business efficiently and effectively. Affirmative Action is assurance to me that we are taking every opportunity throughout our organization to do just that. Affirmative Action enables us to tap a huge reservoir of human talent and ability. This is another reason why there is nothing altruistic at all to me about Affirmative Action. Affirmative Action, pure and simple, is plain good business.

I think it might help you better to understand how we are applying Equal Employment Opportunity/Affirmative Action at Clorox, if I told you a little about our company. Clorox was founded across the Bay, in Oakland, in 1913, and for its first 56 years produced just one product -- Clorox liquid bleach. During that time, that quality brand grew to become a favorite laundry product and the name "Clorox" became a household word in most American homes.

In 1957, Clorox was acquired by The Procter & Gamble Company and was operated as a subsidiary of that large household products firm for the next 11 years. This acquisition was immediately challenged in 1957 by the Federal Trade Commission as contrary to anti-trust laws. However, Procter & Gamble didn't agree and took on the FTC in the courts, all the way up to the Supreme Court. In what has been referred to as a landmark decision in anti-trust law, the Supreme Court in 1967 ruled to uphold the FTC order, and Procter & Gamble was required to divest itself of Clorox. This divestiture became effective on January 2, 1969. At that point, we at Clorox found ourselves suddenly alone facing a great challenge and an even greater opportunity.

At the time of the divestiture, we promptly started on a previously prepared plan to diversify our business. At about that time, however, a serious threat to our business emerged in the form of a new product development that some observers said would obsolete our single product. This new development, as you may recall, was the introduction of laundry products containing enzymes. These new products were pioneered in Europe and had caught the fancy of the giant United States soap and detergent companies. Their primary function was supposed to be the removal of stains from clothes, which is something liquid chlorine bleaches, like the Clorox brand, are also supposed to do. As a result, and all of a sudden, the future didn't look so bright for the new Clorox Company.

We had no choice but to move quickly to defend our bleach product and also to diversify into other areas just in case the enzyme products would prove to be the downfall of our bleach business. We didn't think this would happen, but we weren't positive it wouldn't. So we started to scramble. One immediate need was to hire good people who were trained and experienced in many key areas of specialty and expertise. Previously, we could look to our parent company for staff help and marketing assistance. Now, we had to build a new organization literally from the ground up.

Today, I wish I could say that the first thing we did as part of our efforts to recruit people was develop an Affirmative Action Compliance Program and establish goals for hiring minorities and women. We had a policy for Equal Employment Opportunity, but we didn't have a strong program to implement it. The fact is, such a program didn't have a high priority for us at that particular time. Our backs were to the wall; we were facing a competitive threat that very clearly intended to do us in.

Therefore, I admit that we went after management people who had the skills and disciplines and, in most instances, the experience we needed. These almost always were white males. We set our standards very high but we did no specialized recruiting of minorities and women. As the result, we hired virtually no minorities or women in professional or managerial positions -- again, not because they weren't available, but because we didn't take the time to find them.

We managed to survive the threat of the enzymes and to get going with our diversification program. Perhaps I can give you a few figures that will help give you an idea of how rapidly we diversified and expanded our business. When we were divested from our former parent about six years ago, in January 1969, we had fewer than 500 people located at 13 bleach plants, and one of those plants, the one at Oakland, served as our corporate headquarters. At that time we made and sold one product, Clorox liquid bleach. Today, we have about 6,000 people and we sell 16 household products, including eight specialty food brands. We also have several other food and non-food household products in test markets. In addition, we are becoming established as a substantial supplier of a wide variety of products to the food service industry, including frozen food items. We also have taken initial steps, although quite modest, toward building a business overseas.

Finally, to complete our comparison of Clorox today versus six years ago, in 1969 Clorox had gross sales of \$88 million. For the fiscal year which just ended last June 30, 1974, our gross sales topped \$530 million, six times greater than six years ago. We cite these statistics not to try to impress you, but simply to help give you a better understanding of how broadly and how quickly our business has grown in just a short time.

When it became apparent to us about three years ago that we were going to win the battle of the enzymes, we started to give more of our attention to social responsiveness. In August 1972 we formalized a program that includes five broad corporate areas. Affirmative Action was given the highest priority. I might point out that the other four areas of the program relate to corporate giving, minority economic development, Company-sponsored community projects and community involvement of our people. We have initiated projects and activities in each of these areas. For example, we have acquired the land to build a youth development center in a section of East Oakland that has a high percentage of minority residents. We are excited about this project and are now in the process of trying to raise the money from foundations and other sources to build the center. Important as each of these other activities is to our Company, however, we have been giving our greatest attention to Affirmative Action.

In late 1972, we gave our EEO policy a program and we initiated a concerted drive toward Affirmative Action. The results have not been quite up to our objectives, but have been encouraging. Overall representation of minorities at our General Offices and Technical Center increased from 15% of total employees in 1972 to 23% at the end of our most recent fiscal year, which ended last June 30. Our ultimate goal is to have this figure equal or exceed the community average of about 26%. We also have seen some improvement in the percentage of women at the manager and professional job levels -- from 10% in 1972 to 24% at June 30, 1974.

Although we have made progress in our overall EEO program to date, especially at the professional level, none of us in the management of Clorox is really satisfied with the results. We still need to place more minorities and women in jobs at the management level, including some representation at the corporate officer level.

We intend to continue our efforts in the months and years ahead so that the Company employee complement at each of our locations becomes representative of the surrounding labor force in terms of minority and female representation -- in all units and at all levels of The Clorox Company.

The current emphasis in our program for fiscal 1975 calls for increasing the percentage of minorities and women in upper level jobs. We expect to accomplish this goal largely by training and developing our current employees and not by hiring the "immediate top manager or vice president" from another company -- the musical chairs game.

Seeing that we train and promote minorities and women to fill upper level jobs has a very high priority with me, personally, and I hold each of the executives who report to me accountable for seeing that results are achieved throughout our organization.

This personal involvement stems from a conviction that effective Affirmative Action has to originate in the President's Office -- and not in the Personnel Department.

I believe that the Chief Executive's role in Affirmative Action is to communicate a personal commitment to the letter and spirit of EEO laws and regulations by: One, actively participating in the planning of overall strategies and goals; Two, assigning specific responsibility for implementing strategies and meeting goals to other appropriate members of senior management; Three, monitoring progress on a regular basis -- through monthly and quarterly reports; and Four, personally commending and rewarding achievements in EEO progress.

Line and staff management must be made to understand that Affirmative Action is an integral part of their management assignment and that as such, they will be evaluated and judged by their performance in this area -- just as they are on their other management functions and responsibilities. In other words, a manager's future progress depends on his, or her success in achieving results in his or her areas of responsibility, and that includes Affirmative Action.

We at Clorox have just recently assessed our Affirmative Action efforts and initiated new measures which we hope will improve our performance.

Our Group Vice Presidents, who report to me, are held responsible for Affirmative Action efforts of all line and staff managers in their respective parts of the business. Additionally, I review the progress of each department each quarter and examine our corporate-wide summary report to identify problem areas and propose solutions.

We are considering beefing up our efforts to improve EEO progress by centralizing our recruiting function, developing a computer program of employee data to assist report preparation, and selecting certain departments to establish ongoing training positions for upgrading minority and women employees who have demonstrated a capacity for increased responsibility.

✓ My role, as President, has been to encourage and give support to those mid-level managers who have the day-by-day responsibility for Affirmative Action. My role also includes communicating to upper-level management the overriding importance of EEO to Clorox. We do not wish to imply here that we consider the Clorox approach to Affirmative Action to be anything unusual or more effective than others. Actually, we know of many other companies who have made a lot more progress than we have.

What we have tried to do, after a late start, is to develop the kind of program that is "right" for us. That doesn't mean, however, that our approach would work for everyone else. But we believe we have a good program, and it is achieving the desired results -- though we are quick to admit we still have a ways to go.

* * *

In your seminar program, this presentation has been entitled "What it Takes to Make AA Work." I have offered my views on what it takes from the perspective of a President and have shared with you some experiences we at Clorox have had. I hope my remarks have been helpful and will stimulate some thoughts for the Day Two Seminar.

My view of "What it Takes to Make AA Work" can be summarized in a few words: It takes the same attention and commitment and effort that is required to achieve any other major objective we set for ourselves. Above all, it requires the personal involvement of the person at the top to see that the job gets done. Thank you.

Appendix C

ADDITIONAL MATERIALS IN THE BANCROFT LIBRARY

In addition to the text of Mr. Shetterly's remarks on April 17, 1969 and April 2, 1975, the following speeches by Mr. Shetterly were made available to the interviewer from the Clorox Company archives.

1. "The Renaissance of the Clorox Company," The Newcomen Society in North America, held at San Francisco when Mr. Shetterly was the guest of honor, November 27, 1972.
2. "Responsibility for Equal Opportunity--the University of the Corporation," Business Tomorrow Conference, November 20, 1973.
3. Remarks, Bay Area Social Planning Council annual meeting, June 20, 1974.
4. "Equal Employment Opportunity/Affirmative Action, The Role of the Corporate President," Montgomery Street Affirmative Action Center, San Francisco, November 20, 1974.
5. Talk to employees, August 23, 1976.
6. "Corporate Social Responsibility and the Youth Center," Remarks to Board and Henckel visitors, September 20, 1977.
7. "The Corporation and the Community, The Role of Social Responsibility," School of Business Administration, University of California, Berkeley, November 30, 1977.
8. Remarks, National Association for the Advancement of Colored People banquet, Oakland, December 8, 1977.

JAN 18 1976'
Clorox's Program

EDITOR: It was gratifying to see the prominence which The Tribune gave on last Wednesday to the action by the Oakland City Council in approving the city's financial participation in the East Oakland Youth Development Center.

However, I would like to point out that the center is a business-sponsored project with considerable financial support coming from local corporations in addition to Clorox. While it is true that Clorox assumed the leadership in getting the project under way, it is not, however, solely a Clorox project and never was intended to be. Our purpose from the start has been to take the leadership in developing a demonstration project designed to provide an opportunity for direct corporate involvement in a program to meet the needs of disadvantaged youth. To make such a program successful requires that there be a broad base of participation by the business community.

Although we are just beginning to contact other companies, 12 Bay Area corporations have already contributed financially, and we expect that others will be participants in the near future.

ROBERT B. SHETTERLY,
President,
The Clorox Company,
Oakland.

Shetterly cites

By **BILL DOYLE**
Business Editor

"Oakland is our home town. We work here and many of our employees live here. A general upgrading of the quality of life is in the interest of our people and our company." **APR 12 1978**

The speaker was Robert B. Shetterly, president and chief executive officer of Oakland-based Clorox Co., a man who will receive tonight the National Jewish Hospital Humanitarian Award for his service to the people of the Bay Area and the hospital.

The dignified appearing, white-haired Shetterly talked about how he got into community service during an interview in his offices on the top floor of a downtown skyscraper which overlooks the city where he focuses so much of his extracurricular activities.

"I was conditioned by the company that I worked 29 years for after I got out of college. That was Procter & Gamble in Cincinnati. They were very much involved in the city and they encouraged people to participate.

"But then I came to Oakland to manage the Clorox company and I didn't know many people and spent a lot of time getting the company going so that I didn't do much.

"One of my sons became involved, on a volunteer basis, with a black youth center in San Francisco and he was so enthusiastic that he persuaded me to take a look. There was no money to do things but there a lot of value there and I helped get some funding together," said Shetterly.

The Clorox executive said that experience and the problems which the War on Poverty was experiencing made it clear to him that simply pouring money into urban centers wasn't going to produce much.

"I decided that local business and business people had better get involved with local government or nothing much was going to happen," he said.

That decision led the Clorox Co. to its support for a \$1.5 million youth center in East Oakland for which Shetterly was instrumental in raising funds from businesses and foundations in both Oakland and San Francisco.

He says there was another factor too. "For years the Kaiser companies and the Bechtels and The Tribune had carried a large part of the load. We had a long history of non-involvement and I thought it was about time we shared some of the load."

Shetterly said that he and other Clorox people wanted to involve themselves directly on an individual basis and that younger employees of the company were also pushing for that kind of involvement.

"Within sensible limits we encourage the involvement of our people and we say that they can use company time for worthy projects on occasions if they don't neglect their primary duties." The Clorox chief executive said that the corporate contribution budget is not excessive and in fact does not yet meet the national average for all companies but that the company has perhaps been more visible because it is a new presence on the scene.

He added, in response to a question, that the board of directors and shareholders have been supportive of the community efforts. "We have never had a complaint from either source," said Shetterly.

The company president, who in the last year has received the William Knowland award of the New Oakland Committee and a Coro Foundation Public Affairs award for his activities on behalf of Oakland, says with a smile that there is some personal satisfaction too—if you accomplish things.

"I've never been involved in the working of the political machinery and I think it's fascinating. There are some things that would never get done without the city hall and Sacramento."

Shetterly has gained that experience through his post as head of the Oakland Council for Economic Development, a volunteer group which is working on the city's economic problems.

Asked whether he is trying to spread the word about volunteer effort through the business community Shetterly responded, "I don't try to be evangelical. I just ask people to do things. The response is uniformly positive. People are glad to pitch in and the council gives us a place for them to take hold."

Oakland Tribune

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December 1988

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