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Goldman's Conspicuous Compassion

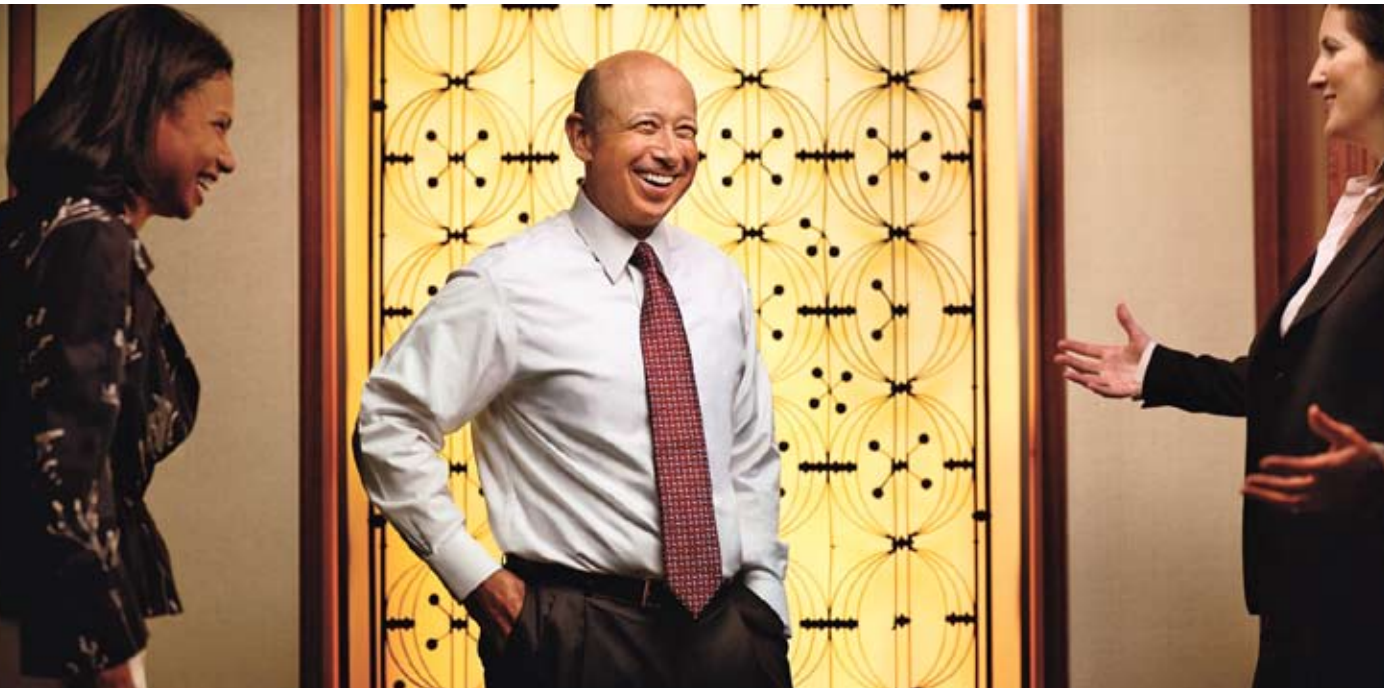
During the boom years, Wall Street banks were among the most ostentatious purveyors of charitable giving. Now what?

• The Nigerian sky is flat and threatening. Palms trees flail in the wind. With 14 million inhabitants, Lagos, the nation's largest and most overpopulated city, seethes with diesel exhaust, oil money, and desperation. Inside the walled compound of the Eko Hotel, where Russian oilmen sit poolside in Speedos as bored hookers in evening wear ply the bar, a commotion erupts in the marbled lobby. The Goldman Sachs event planners, fresh from a run to the tourist stalls ("Ivory real, not bone!" says the saleslady), are turning fierce scrutiny on a box of fanny packs.

For three days, Goldman's advance team of marketing executives, P.R. specialists, and event managers—along with its hired camera crews, van drivers, and security personnel in wraparound shades—has been prepping for the arrival of a half-dozen of the investment

ROAD SHOW
Goldman's Dina Powell at the 10,000 Women kickoff in Nigeria on July 28.





TEAM PLAYERS *From left:* Goldman's Edith Cooper, Lloyd Blankfein, and Sandra Lawson in New York on August 13.

bank's top executives. They are coming to town for the first stage of a project called the 10,000 Women initiative, the biggest and boldest philanthropic effort that Goldman has ever attempted. The firm has pledged to spend \$100 million over five years to educate 10,000 women in developing countries about business and, in so doing, raise their standards of living. Toward that end, the Goldman team has secured \$600-a-night hotel suites, set up the media center, reviewed the briefing books, and drawn up the reception menu (surf and turf with mushroom sauce; brownies for dessert). The camera guys have done their blocking shots. Now the big boys, as the advance team calls them, are landing at the airport, and security needs to move out! We're on a tight schedule, people! It's dangerous to be on the road at rush hour. But damn it, those fanny packs need filling.

Out come the nuts, the bottled water, and the sanitary hand wipes. Francesca Pedemonti, Goldman's diminutive and focused head of event planning—she regularly does this sort of thing in London, Paris, and Moscow—is stuffing goodies into the Goldman-logged fanny packs. As part of the program, Goldman is arranging partnerships between busi-

ness schools in the U.S. and Europe and those in Africa, the Middle East, Latin America, and Asia, offering classes in financial planning, market research, writing business plans, and accessing capital. For two days in late July, the Goldman executives will visit their first class of 25 “Goldman scholars.” They are going to need those fanny packs.

what you want,” Moron replies. But then she adds, “Maybe it's not safe. Do they even allow photos at the airport?” The head of security, an affable former member of the South African Special Forces Brigade named Cobus Claassens (who once, for a client, retrieved a drillship that pirates had sailed off with in the Atlantic), begins saying it might be

“Would we have committed so much
this year had we known”
what would happen on Wall Street?
Blankfein says. “No.”

My photographer and I, who have been invited along to witness this mission, are ready to hit the road to the airport. But before we can board the van, our handler, Gia Moron, steps between us and our open ride. “I don't know,” she says uncertainly, “if they'll want their photos taken after 12 hours of flying.” She casts a help-me glance at the Afrikaner security men, who really don't care one way or another. It's a good point, I say diplomatically, but let's have the executives themselves make that call at the airport. “Look, I want

tricky but can be done if... And then he gets with the program. “Maybe not a good idea,” he says.

A lesson: The Goldman way is the controlled way; it is not about candid shots. And so the Goldman bubble surrounds us with its protective membrane. “We will all be better off,” says Moron, smiling. The fanny packs sail past us, and the caravan hits the road.

THROUGHOUT THE BOOM years, Wall Street was among the most ostentatious purveyors of philanthropy.

Hedge fund money turned the Robin Hood Foundation's annual gala into a \$72 million evening last year, the proceeds from which were earmarked to help fight poverty in New York City. The Blackstone Group's Stephen Schwarzman pledged \$100 million and got the New York Public Library's main building renamed for him. Last year, Lehman Brothers gave Spelman College, a predominantly black Atlanta liberal-arts school for women, its big-

wouldn't have occurred to us."

In the short term, Goldman can't pull back even if it wants to. The \$100 million for the 10,000 Women project is already locked into a bank account and can't legally be used for anything but the program. Most foundations are set up this way, and for that reason, their multiyear commitments are not likely to suffer now from Wall Street's outside woes—not in the near term. "The real question," says Melissa Berman, presi-

"I thank God for Goldman Sachs!" one Nigerian woman says. The video producers exchange sly grins: a made-for-documentary sound bite.

gest pledge ever: \$10 million to develop the Lehman Brothers Center for Global Finance and Economic Development.

But of all the Wall Street firms, Goldman was the best known for making philanthropy an essential part of its culture. Last year, the firm gave more than \$100 million to charities in education, the arts, and social services. Half of that went to Goldman Sachs Gives, a \$279 million public charity that administers individual accounts for employees who direct grants to nonprofit groups. The 10,000 Women program took Goldman's giving to a new level, in terms of both charitable donations and P.R., which the bank has historically shunned. When the firm launched the project, in March, with an elaborately staged coming-out party at Columbia University, it earned headlines around the globe. Goldman flew in a dozen female entrepreneurs from Nigeria, Egypt, and Afghanistan and streamed the event to employee "watching rooms" for the benefit of its 30,000 workers. C.E.O. Lloyd Blankfein stood before a riser of multicultural inclusion, backed by smiling—sometimes bewildered—women in headscarves and bright ethnic dresses.

Now, in mid-September, as storm clouds gather two weeks before the Wall Street crisis, Blankfein says to me, "Would we have committed so much this year had we known? No. It

dent and C.E.O. of Rockefeller Philanthropy Advisors, is "What will Goldman be able to put into the future?"

The same question applies to the entire industry. "There's no question the turmoil on Wall Street is going to have a significant impact on giving," says Berman, who expects the pullback to begin in 2009 and last as long as three years.

Blankfein says that Goldman will persevere with 10,000 Women because it is emblematic of smart, long-term thinking. "We try to do things that make sense over a cycle. We're not going to put up a garbage building just because this is a bad year, when we're going to be in it for 40 years."

Ironically, this initiative may actually turn out to be a particularly shrewd move for Goldman's new way of doing business. In the aftermath of the crisis, the firm has asked the federal government to allow it to become a commercial bank. The new designation strips Goldman of much of its power to make unregulated and highly leveraged deals—which had earned it huge profits—as well as its swagger. In return, Goldman's Jaguar class will cozy up to the pedestrian public and the safer haven of steady cash that comes from checking and savings accounts. These 10,000 women and their trading partners and families were unlikely to ever become investment-banking clients. But they will be very relevant

to a commercial-banking business. They could easily become direct customers—making deposits, borrowing money, and saving for their children's college educations.

As the U.S. share of capital markets shrinks, and as Goldman's own fortunes are increasingly found overseas—53 percent of last year's earnings—Blankfein is looking to create and capture wealth in countries like Nigeria. "That's how the world is changing," he says. "Our interest is served by having a good reputation in these places. And it gets us more embedded and involved and focuses the firm on these places. As long as the people and capital are there, we will go there."

ON A HOT, RAINY MORNING, the Nigerian security team hustles the Goldman group—22 all told, including support staff and the hired crew from documentary-maker Ric Burns' Steeplechase Films—into four black Toyota Land Cruisers for the 10-minute ride to Pan-African University. The security detail consists of four Nigerian police officers, two drivers, and two security commanders. The arrangement costs Goldman about \$5,000 a day, an amount that is more than some of the women in the program hope to earn in an entire year. On the trip with the Goldman group, carrying a walkie-talkie, is a quiet man named Scott Sforza, an image consultant who previously worked in the Bush White House, manufacturing heroic backdrops for the president, including the MISSION ACCOMPLISHED banner on the U.S.S. *Abraham Lincoln* aircraft carrier. At the school, the Goldman "delegates," as they refer to themselves, will meet the 25 scholars, talk about the program, and bring back footage to rouse in-house support, as well as to show current and prospective clients. No one is more excited than Dina Powell, Goldman's director of Global Corporate Engagement and a one-woman warm front of cheeriness.

"I have just been so touched, so truly blessed, by these unbelievable women and their amazing stories," Powell says.

At the school, a colonial-era building with plaques announcing its petrodollar sponsorships, the delegation passes through the Mobil lobby, up the Diamond Bank staircase, past the Shell Nigeria classroom, and into a modest lecture hall. Two dozen chattering Nigerian women, the Goldman scholars, noisily greet one another, each wearing a blue polo emblazoned with the 10,000

Women logo, produced by a student who owns a T-shirt-printing outfit.

From a back office comes a large, immaculately bald Nigerian named Peter Bankole, smiling widely. Banky, as everyone knows him, throws his hands in the air and says, “Do you see? I have 10,000 women!” He pronounces *thousand* without the *h*. Banky is, as Powell explains, a linchpin in the new program. A former oil-industry engineer,

building a business with meager savings and the often uncertain support of a wary husband. There is the woman who imports fish feed. Another makes first-aid kits for schools. There’s a plantain farmer, a human-resources manager, a fashion designer, and an accountant.

Powell smiles broadly as the women cheer one another on. They speak of change, pride, and helping their families prosper. One says, “After this program, I

on this August morning, talk turns to the economy. “We’ve seen the worst, I think,” says Blankfein. “But there’s no way of knowing. You won’t know we’ve hit bottom until you look back.”

No one anticipated the abyss that lay ahead. Within a month, Blankfein would be bunkered with his former boss, Treasury Secretary Hank Paulson, and the heads of other large banks, trying to figure out how to save Lehman Brothers. On Monday, September 15, after a fruitless weekend, Wall Street woke to the news that Lehman had filed for bankruptcy. As the Dow Jones industrial average was about to dive 504 points—then the biggest one-day drop since the market reopened after the terrorist attacks of September 11, 2001—Goldman’s philanthropy road show carries on.

Despite the turmoil, Powell and her team have flown to London for the European launch of the 10,000 Women program. Goldman mentors and their Nigerian mentees recount their tales to the assembled media. Missing from the dais at the London Business School is Blankfein, who had been planning to attend but is clearly busy elsewhere.

“The mood is different because people are worried,” Banky tells me.

In response to the deepening economic crisis in the U.S., Goldman is bolstering its philanthropic efforts this fall at home—funding homeless shelters and food kitchens and helping the



MENTORS Powell and Goldman’s John Rogers meet 10,000 Women participants in Lagos in July.

he had been studying business a few years ago when he proposed to the university the creation of a flexible certificate program aimed at small- and medium-size business owners. The program he devised, with backing from the World Bank, is the one Goldman Sachs wants to replicate. “It’s gone from being a passion to being like missionary work,” says Banky, whom Goldman has contracted to launch similar programs in Liberia and elsewhere. “My message is, ‘Right now, you don’t need to worry about credit. You need to shape up because the day is coming.’ So you see, we’re not saving souls. We’re saving businesses!”

One by one, the Nigerian women stand and introduce themselves to the smiling and nodding Goldman contingent as the cameraman swoops, the soundman adjusts his boom, and the still photographer darts in for his closeups. Each woman offers a heartfelt tale of

In a sign of how bad things are at home, Goldman is now shifting attention to local charities like food kitchens and homeless shelters.

will not be the same! Nigeria will not be the same!” Ayo Megbope, a caterer, talks about her business and the partnering advice she receives from her mentor. “I thank God for this opportunity,” she says, flush with pride, “and I thank God for Goldman Sachs!” The Burns producers exchange sly grins: a made-for-promo-video sound bite.

TWO WEEKS LATER, we are back in the Goldman tower at 85 Broad Street in downtown Manhattan. Blankfein wants to know all about the Nigeria trip. But

Jericho Project, which will support 130 homeless and low-income veterans. It has also just finalized plans to begin a U.S.-based version of 10,000 Women by funding management scholarships for minority women at Mills College in Oakland, California.

The college is eager to immediately put out a press release announcing the new program. But Goldman wants to wait for star power: They want Maria Shriver to make the announcement, but they have to wait for an opening in her schedule. ☺