

Making a Difference

Defining Philanthropy and Responsibility

An Interview with Leo Hindery, Jr.,
Managing Partner, InterMedia Partners

EDITORS' NOTE Until October 2004, Leo Hindery was Chairman (and until May 2004, CEO) of The YES Network, the United States' premier regional sports network, which he formed in the summer of 2001 as the television home of the New York Yankees. In 1997, Hindery was appointed President of Tele-Communications, Inc. (TCI), then the world's largest cable-television distribution and programming entity, and in 1999, he became CEO of AT&T Broadband, formed by the merger of TCI and AT&T. He assumed his current role in early 2005. Hindery is Chair of The Horizon Project, an ongoing business and policy leaders group formed to develop economic and domestic policy legislative recommendations for Congress; a member of the Council on Foreign Relations; and an active board member for a wide range of philanthropic and political organizations. He served as Senior Economic Policy Advisor for U.S. presidential candidate John Edwards. He is a graduate of Stanford Business School and of Seattle University.



Leo Hindery, Jr.

COMPANY BRIEF Based in New York, InterMedia Partners is a private equity investment firm that makes control investments in media companies. Currently investing its seventh fund, InterMedia is focused on media catering to underserved audiences and communities of interest.

In your view, do corporations have a strong responsibility to play a role in their communities?

They do, and that responsibility is paramount. However, I believe the type of philanthropy you do is very important. While a lot of corporate philanthropy is noble and worthwhile, too much of it is way too self-serving and self-aggrandizing. On the one hand, you have a company like Costco, whose generosity is structured, rational, sensitive, and fair and whose employee practices are superior, and on the other hand you have corporations whose philanthropy is all about enhancing the visibility and selfish interests of its officers. So it's incumbent upon people who are trying to analyze this activity to fairly separate the wheat from the chaff.

Should a company's philanthropic efforts align with its business interests?

There's nothing wrong with philanthropy

being aligned with your business interests, but if it's purely born out of advancing those interests, then it is just a business expense and frankly not philanthropy. Corporate philanthropy and corporate responsibility should, in my opinion, be about living responsibly in your communities and contributing to them. If the philanthropy is simply and purely an extension of business interests, or if it is purely selfish, then it fails by definition.

Of course, corporate philanthropy and corporate responsibility are different. Corporate philanthropy more narrowly relates to making sure that you're making responsible financial contributions to the communities in which you have the privilege of working and in which your employees reside.

Corporate responsibility is more transcendent and less financial than that. It's when you acknowledge that being a corporation on U.S. soil comes with basic responsibilities – for instance, you must take actions to ensure that America is, and remains, a place of good citizenship, of fairness, and of equal opportunity. Corporate responsibility also means that you pay a fair amount of taxes and that you help keep our planet habitable and clean.

So corporate responsibility is how you should live as a corporation, whereas corporate philanthropy is how you should properly contribute to your communities and your nation. One is attitudinal and based on behavior, while the other is more economic.

A lot of companies focus on education in their philanthropic and social responsibility activities. Is there a role for business in the drive to improve the U.S. education system?

Ninety percent of the young people in this country today are educated in public schools. Yet I would venture to say that at least 90 percent of corporate contributions to education go instead to private schools. Way too much of it goes to colleges, graduate schools, and business schools where the CEO and other officers happened to matriculate, and that's wrong. You have to be sensitive to what your employees are doing. If 90 percent of your employees are sending their children to public schools, whose standards are incredibly uneven in this society, then that is where the vast majority of corporate giving to education should be going.



Another focus for corporate philanthropy is health care. What role can business play in that area?

Health care is pretty similar to the issue of education, in that 47 million Americans out of 300 million have no health insurance at all, despite the fact that 75 percent of them either work full time or are the dependents of people working full time. There are also 50 million Americans who are chronically underinsured. If you add these two groups together, one third of our population is in deep distress in terms of their health care.

In my view, the best use of corporate resources in the area of health care would be to help generate a thoughtful, universal health care plan for this country. Smart people can debate the form that it will take. But put your corporate resources to work helping ensure quality universal health care for all Americans, both the 100 million who have none at all or very little and the 200 million for whom it is too costly and inefficient.

This year, the U.S. will elect its next President. Many people hope that there is a hero out there who can come in and make a difference. Are you optimistic that a change in administration can really make that type of impact?

I've always put a lot of faith in individuals, and I believe that God will some day give us another FDR [Franklin Delano Roosevelt, 32nd President of the United States]. But I'm very skeptical right now about our political system. Without fundamental reform of campaign finance and lobbying, and without a fairer and more encompassing election process, the next FDR in America won't be as successful as was the first FDR. I just finished reading an amazing profile on the first 100 days of FDR's Administration in 1933. It was both humbling and remarkable to realize what was possible at a time of such enormous distress in this country. This one individual got so much done and he got it done sensitively, and the system didn't beat him back like it would today. So absent fundamental changes to our system of government, the next FDR is going to be much more restricted than was the first FDR by the obscene cost of elections, by how they're funded and where the money comes from, and by the lobbying community. ●

Philanthropy and racing (seen here after winning the 2005 Le Mans) are two of Hindery's many passions.