

National Diabetes Awareness Month

An Interview with Arnold Donald

Excerpted from *Diabetes Close Up*

Arnold W. Donald seems an improbable selection to lead the Juvenile Diabetes Research Foundation. An African-American who spent his entire career in corporate America, Donald is now the president and chief executive officer of a non-profit organization that – given the demographics of type 1 diabetes – has principally been run by and for Caucasians. While Donald had participated in many diabetes fundraisers, he had relatively little personal or family experience with the disease. And while the JDRF headquarters is in New York, Donald lives in St. Louis.

Nevertheless, Donald's corporate career dovetailed with diabetes. He has a degree in mechanical engineering as well as an MBA; he joined the Monsanto Company in industrial chemical sales in 1977. He steadily climbed through the ranks, and in 2000, he organized investors to buy Monsanto's sweetener business, which included Equal and is sold extensively to people with diabetes. The Merisant Company was formed, and Donald became its chief executive, a position he held for three years. He was the company's chairman when the JDRF hired him last year, replacing Peter Van Etten.

What's undeniably appealing about Donald, 51, is his incredibly successful track record: he's been an extremely successful executive and has won countless honors during his time in corporate America for leading and managing. To boot, he is also one of St. Louis's top civic leaders, sitting on no fewer than 18 boards (corporate and nonprofit).

The JDRF has few peers in the world of fundraising. Since its founding in 1970, it has distributed more than \$1 billion for diabetes research, and it's currently at \$612 million in its ambitious five-year campaign to raise \$1 billion, which ends in 2009. But for all its fundraising success, the JDRF has not been able to achieve what it originally set out to do 36 years ago— cure diabetes. That challenge now falls to Arnold Donald.

When I recently spoke to Arnold Donald at the JDRF offices in St. Louis, he had been in the job for less than a year. He struck me as extraordinarily focused and determined but also so at ease, a man who's very comfortable in his own skin. I'm confident he'll be embraced by all segments of the organization (volunteers, staff, scientists) and by the diabetes community at large.

After our wide-ranging, two-hour interview, I can easily say Donald is one of the most engaging and persuasive leaders I've ever met. He is helping the JDRF make evolutionary changes – funding research for continuous glucose sensors; providing venture capital for start-up companies; even demanding that names of donors and volunteers are correctly spelled in letters. But his first and foremost priority is to “find a cure fast.”

Kelly Close: You actually started in the organization years ago as a volunteer. Can you describe what your reaction was to the JDRF when you first came to it?

Arnold Donald: When I first started as a volunteer, I was like a lot of people. I didn't have any connection with Type I.

KC: Yes.

AD: I started off. I was 23. I was running the United Way campaign for Monsanto, which was a very active participant, and St. Louis was one of the largest United Way campaigns in the country. So it was a big deal, and Monsanto always took up-and-coming executives and gave them that leadership role, and I was one of those.

KC: Okay.

AD: One of the agencies with the campaign was JDRF. That was my first exposure. Then many years later, I ended up being involved in the low calorie, high-intensity sweetener business. The Equal brand and NutraSweet products. Obviously those products are used extensively by people with diabetes, and so we were very active with both the ADA and JDRF. I headed up the national walk campaign for the American Diabetes Association. I was the chair of the Gala here in St. Louis at JDRF. I chaired a walk here for JDRF.

KC: That's considerable exposure.

AD: Through all that, I just got to know a number of people who had diabetes and for a few years went through their lives with them as a friend and saw what these organizations were accomplishing and especially JDRF, the research focus, which is more my cup of tea. I just grew close and passionate about it and continued to be involved, even when I left the sweetener business. It's been almost three or four years ago now.

KC: How specifically did this opportunity come up?

AD: I still stayed involved, my wife and I because of the friends we have, and then I had a fundraiser at my house. We built a new home, and it's a bit of an interest here in St. Louis; and so we had a high-end

fund raiser for a limited number of people and some dignitaries and what have you, and Peter Van Etten, who was my predecessor at JRDF, was there, and you know the rest of the story.

KC: What did you think when you were deciding whether to take the position?

AD: The first question was, am I the right person, number one. I am a corporate person and so, am I the right person. That wasn't self-evident to me.

KC: Really?

AD: And I still feel I need to prove that to myself every day because if I think that I'm not making the kind of difference that needs to be made, then my first priority is to get out of the way and help find someone who will because this is about finding the cure.

KC: Okay.

AD: And so the question was, do I even have the right set of skills? And am I the right person? After asking myself that and talking with Peter Van Etten and with other leaders within JDRF, I thought I really want to make a difference. What better way to spend a disproportionate amount of my time than doing this, and I was lucky enough to be in a position where I feel psychologically, financially I can afford to do this versus continuing to accumulate wealth and so that's what I did.

KC: I wonder if you could talk a bit about your corporate experience. How has that influenced your approach to the JDRF?

AD: Well, the corporate experience in general was helpful. Obviously it's a different role and the key difference is that in the corporate world, I'm there to help maximize the return to shareholders over the life of the firm . . . But in an organization like JDRF, we're here to serve the volunteers; so therefore it's a serving role as opposed to a hierarchical management role. And there's a big distinction between those two. It shows up in little ways.

KC: Such as?

AD: A little way it will show up is, in the past, as a CEO of company or a President of a company, if somebody wanted to meet with me and my calendar was full, my inclination would be to say, well, I'll meet with them, but I can't do it then. Now in JDRF, the same situation, the end result might be the same, but how you deal with it is very different. So my first goal is to say, is there any way I can figure out a way to meet with that person on their time and in their terms.

KC: Okay. Can you discuss how you see your job and what your responsibilities are?

AD: Practically speaking, I'm here to unleash the latent potential that exists in our incredible volunteer and donor base. That's my goal and how that turns out in practical terms is simply, first and foremost, is to find a cure fast. That's what we're here to do.

KC: Find a cure fast?

AD: Find a cure fast. Now, fast is a relative term. But basically what we want to do is get to a cure faster than it would have happened if we hadn't worked on it.

KC: No one would argue with that.

AD: So, that's the orientation. Now how do we do that? For starters, we have to have a really good research road map.

KC: Yes.

AD: We've had one for years, and it continues to evolve because the science evolves. There are hypotheses that prove to be invalid and those that are validated, and as you come across things that have been invalidated, you shift direction; and as you find things that have been validated, you dig deeper. Then we need the enabler, and the enabler, of course, is funding. So many of our volunteers, the vast majority of our volunteers, that's what they spend their time and energy on.

KC: Okay.

AD: But in the process of fundraising, there's a whole other dynamic, which is one of effective outreach. People are networked, they're connected, they get better information, there's a shared learning of experience that just dramatically improves the quality of life for those suffering with the disease and their loved ones . . . Then, of course, there is government relations, and that's the whole grass roots effort again. Volunteer led, volunteer driven, volunteer based, because frankly the senators and the congressional people and the administration in this country or in others, they don't respond per say to JDRF organizations. They respond to the tens of thousands of volunteers that are out there that represent their constituents.

KC: I guess you've been here almost a year . . . can you talk about where your work has been more or less focused?

AD: Sure. The task for any CEO or any manager or anybody is prioritization. Figuring out what's the most important thing. There's always more to do than there is time in the day.

KC: Competing priorities?

AD: Competing priorities and so how do you prioritize them; and so the reality for me is this: I always ask the question, is this going to help us get to a cure faster? If the answer is yes, then it's something I need to be working on. If the answer is no, I absolutely don't need to work on it. But there are a lot of maybes. If it's a probably maybe, then the answer is I'm more than likely going to work on it. If it's a probably not, then the answer is I'm more than likely not going to work on it. You get the drift.

KC: Yes, I do.

AD: So that's the screen, which is easy to say but not always easy to do. You can have something as simple as meeting with a major donor and you could say, well, is that going to help us get to a cure faster? Well, it might and it might not. Then the next question becomes, do I really need to do that? Am I the best person to do it? What's the most effective way of addressing that? Etcetera, and so in the end how it turns out is I've spent a disproportionate amount of my time on the research so far, and that will probably continue for the next several months at least.

KC: Okay.

AD: The reality is that we've done really well with our research efforts, and we haven't found the cure, so we haven't done well enough, but we've done really well. We've also done really well with our fundraising efforts and we've done extraordinarily well with our [government relations] efforts, so you've

got something that's working well. Is it working perfectly? Absolutely not. I often use an analogy, it's a bad one, but it makes a point that we're kind of like the U.S. government. Inside it can be messy, but somehow it all works and you know what, it's the best government system on the planet.

KC: That's right.

AD: JDRF is like that.

KC: Good perspective. The double-digit revenue growth is incredibly impressive.

AD: This thing was going pretty well before I ever showed up.

KC: Absolutely. What's your message to donors?

AD: We want more than 86 percent of every dollar going directly to research. My personal analogy again is the single mom barely making ends meet, and she's scraping every penny she can to give to JDRF so that her child can be cured, and we have to honor that penny like it's the hardest earned penny on the face of the earth. So we have to get more efficient, and there are opportunities to do that, and we're going to do it. We're not at 100%, so by definition there's an opportunity to get more efficient.

KC: Okay. What about the government relations front? Any improvements there?

AD: Again we've been incredibly successful, but there's more power to harness in the volunteer base and there are things to get front of. For example, the [closed loop] artificial pancreas.

KC: Yes.

AD: Today, there is no regulatory standard for that because it doesn't exist, so being in front – and getting it positioned – so that when the technology is there, there's great confidence in how to assess that technology and ultimately in getting it approved and in introducing it to the market.

KC: Since you've been at the JDRF, how have your thoughts about access to technology and health care changed as you've gained a deeper understanding about what deep straits we're in?

AD: I was probably decently knowledgeable before I ever took the job. I worked in industry with technology . . . I've worked with companies with a lot of employees, so healthcare, healthcare provider issues and all that has been very much part of my background, so I haven't been surprised by anything.

KC: And how has that guided you?

AD: I just know we have to provide the right data --

KC: Right. Exactly.

AD: So that care providers and insurance companies will see the benefit to them to say, yes we're going to cover that. So, again, just anticipating and being in front of things before it's even available to the general public.

KC: Yes.

AD: Again, this isn't new. I'm not bringing new thinking, but we are focused on it.

KC: Where do you think there is the most potential for improvement in the organization?

AD: Wow. The most potential. I haven't [ranked] it that way . . . I come from a continuous improvement orientation, and I see improvement opportunities everywhere. I don't care how good something is, you can always improve, but I would say first and foremost is our ability to live our intent of being donor-centric.

KC: How do you mean?

AD: Every donor or volunteer should feel that they are totally connected to JDRF. They should feel that they are proactively communicated with. That their connection to type I is understood by JDRF. They should be treated with integrity and caring and know that their opinions count. It doesn't mean we are always going to do exactly what a given volunteer's opinion is, but if they understand why we've done something, even if they would do it differently, it creates the basis of the possibility of alignment.

KC: Right. But how do you get everyone on the same page?

AD: It requires a lot of components. Number one, it requires orientation of behavior by all of the staff. It requires certain technology, databases, information systems, and what not, that we're working on and we've had some issues with and we're organizing around trying to address. If you don't feel like it's a donor-centric organization when you get the same letter three or four different times, or your name comes and is misspelled, or it comes and it's referencing a child that's not yours, then that's a problem. So, having the right information in databases is really important.

KC: That counts.

AD: These are little things, but they are symptoms of a more core issue of being truly best in class in terms of being donor-centric. For example, we have tons of communication. I couldn't even tell you all the different communications we have. Having said that, I can't tell you how many times I've been told by volunteers, donors, and staff that they don't feel communicated with. So therefore, in that mix somewhere we don't quite have it right, and communication is everything. So we're going to have a difficult time being truly donor-centric if people don't feel like we're communicating effectively with them.

KC: Can you talk about any changes that you're looking to make at JDRF in the short term, maybe a year or so?

AD: I would say there's lots of evolutionary change. Again, double-digit revenue, real progress on the research front, best-in-class government relations efforts, grass roots, and what not . . . But there are lots of things we're evolving in.

KC: Okay.

AD: Number one, our research. We obviously are becoming increasingly focused on taking things from concepts to bedside, so we've got more clinical trials in humans than we've ever had. That's an evolution. So more of our time, dollars, and effort are spent on these trials. As we get to that stage, we're spending more time looking at relationships with companies, start-up companies, large companies, than we have in the past. That's an evolution.

KC: How so?

AD: Before it was primarily all academic-type research and discovery. Now, we still have the majority of our dollars being spent on academic research because there are still a bunch of unknowns about the disease.

KC: The basic science?

AD: The basic science needs to be done, but now we are spending time with these companies and we're considering making investments in them.

KC: How do you mean?

AD: Well, now we're looking at the possibility of equity investments because that's the most effective vehicle for us to make a difference. We're not looking at equity investments because we're seeking a return. We're not an investment bank.

KC: Right.

AD: But sometimes the way to help the science the most is to place an equity investment with a company that allows them to raise the other funds they need so that they can continue to do the research.

KC: Yes, and it's such a huge statement if JDRF is investing in it.

AD: Right. So that's an evolution on the research front. Then there are therapeutic areas. A few years ago, there may have been a little bit of conversation around therapies, but now, there are glucose monitors and there are disposable pumps being developed, and there's actual research we've funded with the algorithm to have the continuous glucose monitors and the pump communicate with each other to act like an artificial pancreas.

KC: Yes.

AD: And so that's an evolution. The dollars, the time, the energy, the focus of the volunteers, etcetera, that we've evolved to spending quite a bit of time on this area. Which is not a cure, but which can eliminate a lot of the complications that result in the disease and which is the next best thing to a cure.

KC: And it can take people quite a far way while you're waiting for the cure.

AD: Exactly. It can have real patient impact now in terms of improved quality of life.

KC: Have there been any changes in how you approach fundraising?

AD: Yes, we have walks and galas, but technology is changing. We have our walk tracker system now. We're getting away from people having to bring checks to the walk.

KC: They do it on the Web site and all of that?

AD: Exactly, exactly. It's those types of changes.

KC: I wonder, one of the things that I hear you saying really clearly, look we want to be out of business.

AD: Yeah.

KC: Our focus is the cure.

AD: Absolutely.

KC: How do you weigh putting resources more into things like the continuous monitor and the artificial pancreas versus more basic research?

AD: So far to date, our goal is to find the money to do what needs to be done. First of all, our research goal is to fill the gap. If there was a cure found tomorrow and somehow JDRF had nothing to do with it, we'd all celebrate like crazy anyway.

KC: Of course.

AD: Our goal is to fill the gap. If the research is being done already and it's being funded; if a company can already raise the money it needs to raise or an academic has other sources for the funds, we'd say, 'Great. Let them do that.' And we don't put money in it, okay?

KC: Okay.

AD: We foot the funding gap. But there are different kinds of gaps. Sometimes it's financial gaps where they can't get the money from anybody except us, but there are also other types of gaps. Sometimes companies have products that are being researched and they'll say, 'Well, type 1 is a small market and we really aren't going to fund that because we have to prioritize inside the company,' and so that's a gap. The company has money, but the reality is if we don't fund it, they aren't going to do it. They'll work with the therapeutic or the drug or whatever, but not in the way we need to work on it for us to get the answers we need for type 1.

KC: But aren't there trade offs?

AD: We see it as different kinds of gaps. Because of that, we basically find the money to do what we need to do. We're not making those trade offs to date. Someday we might have to.

KC: Right. I'd like to ask you about the JDRF's history of being a strong advocate of stem cell research - what's your thinking on this? Will that continue under your leadership?

AD: First of all, from a science standpoint, obviously we feel that stem cell research is a very powerful research tool. We do. Our volunteer base has overwhelmingly supported stem cell research.

KC: Okay.

AD: There are individual volunteers within JDRF who do not, and they are absolutely entitled to that position. There are many people who have a 'faith base' that precludes them from being able to support stem cell research, and they're still very important members of our JDRF family. They believe life starts at conception and they oppose anything that takes life away at that point, and they don't differentiate between stem cells or embryonic stem cells. They don't make those distinctions about conception. Conception is conception and that's it. That's how they feel. I respect that. But in general, the overwhelming number of JDRF volunteers support stem cell research because they see it as a powerful research tool, and I think stem cell research is a powerful tool.

KC: There's been a lot of media attention on type 2 compared to type 1, and I wonder how the JDRF reminds decisionmakers that type 1 is also on the rise?

AD: While I have some empathy for those who feel a need to drive type 1 as an agenda item because I'm at JDRF, I think that some times we get caught up on the distinction that, number one, medically is not as clean as we may have thought it was in the past. And, number two, in terms of addressing the human impact, it may be more academic. So, my attitude is, look, type 1 is an autoimmune disease, and based on that, it requires certain types of research that may be unique. But the learnings from the research in both areas can lend a huge amount of benefit to the other, and so where I'm at is we need to eliminate diabetes. That's the deal.

KC: Just given the demographics of type 1, it's understandable that JDRF has been more of a Caucasian organization historically, and you're obviously its first African American leader. Do you have any thoughts about how that might affect the dynamics of the organization or how it's perceived to the outside world?

AD: Well, I didn't really think much about it because I've often been the first African American coming into whatever I did. *[Laughs]*

KC: I can imagine ...

AD: You know, engineering school it was that way, and then business it was that way. I was in agriculture. I'll never forget one time, I was running a major portion of the company and I went out with a sales rep. The farmer thought I was a foreign exchange student. He was explaining what a tractor was.

KC: Got it.

AD: Having said that, look, diabetes knows no boundaries. So the bottom line is African Americans, Caucasians, Hispanics, they all have type 1, and they all have type 2.

KC: I just want to get back to your background, in terms of the business. There are all sorts of things in corporate America that can be for motivation, like pay raises and such. What can you use in an organization with so many volunteers?

AD: Well, first of all, the staff needs to be motivated . . . [they] have to be properly awarded, they have to feel connected, they have to feel that it's a best-in-class organization to work for. So you have all the normal stuff. So right now I'm taking a hard look at the paternity policy. We've had a lot of complaints about it, and we need to take a look at it and say are we doing everything we can do -- keeping in mind every penny has to work really hard because somebody donated that to find a cure. So there is a huge distinction there versus corporate America. It's huge.

KC: And to close, I wonder if you could talk about what you think is most misunderstood about JDRF?

AD: Wow. I'm not sure what's most misunderstood. That's a really good question. I guess, honestly, the thing that's most misunderstood is not organizational practice or volunteer behavior or anything. It's for those who aren't close to the disease that they think it's only about kids. And that's probably the most misunderstood thing. Many people don't realize that you can develop type 1 diabetes, have your first onset, in your 20s and 30s or even 40s or later, and that there are a lot of adults who have it, who didn't have it expressed as a child. And so I would say that's probably the most misunderstood thing, that we serve not only kids, but we serve the entire diabetes population.

--by Kelly Close