



## Interview with Tom Lewis

An Arizona homebuilder with a Kentucky heart and MBA head.

**T**om Lewis founded a homebuilding company in Arizona and positioned it to create “particular homes for particular people.” It was particularly successful. At its peak in 2006 it constructed 320 houses for about \$250 million in revenue. Then the great mortgage meltdown brought chaos to homebuilding. T. W. Lewis Company paid off all debt, shrank to 40 employees, and was sold by its founder in 2011 to another homebuilder with high standards—David Weekley. “I was ready to move on,” says Lewis. “Homebuilding is a lot of work.” Now he and his wife Jan focus on philanthropy. We sat with Lewis to learn more about his values-driven business, how he’s trying to fund organizations that develop people of high character, and the why and how of some of his major gifts.

**Philanthropy:** How did you get into the homebuilding business?

**Lewis:** I went to the University of Kentucky and majored in mechanical engineering, but I wasn’t excited about engineering. So I went to business school and then got a job with a real-estate development company. I’d had summer work in construction during college and high school, and I liked the construction world.

I eventually ended up working at Ryan Homes, when it was the third- largest homebuilder in the country. Its training program started with field work, so I began with them as a laborer, though I had an MBA. I swept houses and tarred basements and did whatever the boss told me to do. It was a great six months out in the field.

Then I spent three years managing sales and construction, purchasing, and customer service. It was a homebuilding boot camp. People were not nice to me. I’d been promoted over guys who were there 20 years, and I was a kid with a master’s degree who knew nothing. I got through it, but it was hard. I eventually became a division president in charge of building about 250 homes per year.

In 1979 I was recruited to come to Phoenix with a homebuilding startup. I gradually noticed that some companies have a very clear set of values that drive them. Others don't have a clear mission or sense of the big picture. And you can go broke trying to please everybody.

When I started my own company in 1991 I was the sole owner. Married with three children. I had to make it.

I knew I had to stand out. Fully 35 public homebuilding companies had operations in Phoenix. The large homebuilders had a similar chief flaw—they didn't have clear values. If you asked them how they did last year, they would give you a number: a hundred homes. They were all about quantity, which was not in the best interest of the customers. I spent more than half my time as a division manager each day talking with customers ready to kill somebody.

So I decided to be all about quality; our company values would be honesty, integrity, reliability, compassion, and achievement. Those are my personal values. And they were the basis on which we'd compete.

**Philanthropy:** What influenced your character development?

**Lewis:** High-school football. I was a quarterback and a cornerback. I played all four years and learned from five great coaches, who were great role models. It was a wonderful experience. You talk about adversity, resilience. You get knocked down and then you've got to get back up. Resilience is a muscle, just like any other muscle. If you don't use it, you lose it. Football taught me to be resilient.

**Philanthropy:** Tell me about your philanthropy.

**Lewis:** My wife Jan and I started our foundation in 2001. When it comes to giving, I see myself as an investor; that's my mindset. And as an investor, you make agreements. We'll do this if you do that. You do not throw your money on the waves. You want to see something happen.

We've learned over the last ten years that you have to be very clear about the intent of your gift. And also give yourself an exit if the agreement isn't followed.

For example, I made my first million-dollar gift to a major university in 2006, to endow a professor. I was excited. I basically just said, "Here's a million dollars, endow a professor in business or entrepreneurship." And the university bumbled it. Didn't do what it said it would do. I had given the money as a lump sum, and the dean I made the agreement with moved on. Now there's another dean who needs reminding what the gift is for.

I had that happen about ten more times with different organizations until I got smarter. Now in my gift agreements there is a donor-intent clause. In the event that the grantee fails to live up to its responsibilities as outlined in this agreement, future payments can be modified or terminated. I think you actually do recipients a favor with a statement like that. The gift correlates with where they've said they want to go. This keeps them focused and aligned.

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I knew Bob Buford a little bit and read his books. He often said look for people and organizations that have strength, that are stable, that have energy, that have good ideas, that have goodness, that have character. And then don't try to get something done that nobody else in the organization wants done.

I've made that mistake. I've tried to push organizations to do things they didn't want to do. They'd go along at first, but after the gift is made they don't follow through.

**Philanthropy:** Does your foundation have a sunset clause?

**Lewis:** We do. Right now the sunset is 20 years after Jan and I are both gone. I'm thinking about changing that to 10 years.

The hardest thing is to decide how much you're going to give to your children. There are mixed feelings there. You want to give them enough, but not too much, and that's a hard decision. Jan and I decided on a fixed number for each, and we're going to put that in a trust for them. Then you can decide what to do with excess wealth. You have choices. You can pay estate taxes on it, or you can buy a yacht, or you can travel around the world. Buy cars and jewelry and art. Or you can try to make the world a better place, try to leave a legacy. For me, philanthropy has turned into a new responsibility. It's really become a new purpose.

I think if you earn wealth, you have the right to give it away. I also believe as a Christian that you're a steward. That wealth comes from God, who gave you the talent and the good fortune to earn it. It's not really your wealth, you're the steward, with the responsibility to decide what to do with it. I can't delegate that responsibility to somebody else.

**Philanthropy:** How much time do you typically spend with organizations that you're giving to?

**Lewis:** I spend about 20 hours a week on philanthropy. A lot of the work goes in on the front end, when you are just connecting with a charity. We're giving to about 25 organizations right now, and the time is not equally distributed.

What I especially enjoy is the relationships that I've built. I've met some really good people through giving, and I enjoy working with the CEO to help move the organization forward. Most nonprofits really appreciate some solid business advice.

**Philanthropy:** Let's walk through some of your specific interests. Tell me about your work on melanoma.

**Lewis:** My dad died of melanoma. It's a bad disease; he suffered a lot. As a fair-skinned person living in Arizona I always thought melanoma would be part of my future, and in 2013 I got a phone call telling me I had a melanoma on my right tricep. The doctors thought they got it all, but a year ago the CT scan found melanoma in my liver, stage four.

When I first sought treatment, everybody told me to go to M. D. Anderson in Houston, or Sloan Kettering in New York, or the Mayo Clinic. I couldn't get the best melanoma treatment in Arizona. But in Arizona every year there are roughly 1,500 new melanoma cases.

About six months before I got my liver diagnosis, I had finalized a gift with Banner Health, an Arizona-based hospital chain, to set up a partnership with M. D. Anderson to create a special place for serving melanoma patients, not only from Arizona but also New Mexico, Colorado, and Utah. It's doing a great job. And by the way, I'm basically cured from my second round of melanoma because of a new miracle drug, Keytruda.

We also made a gift of \$2 million to the Barrow Neurological Institute in Phoenix to create a migraine center. Jan suffers from migraines along with 40 million other people in America. But hospitals aren't focused on it because there's no money in it. People come from all over the world to visit Barrow; there are 20 brain and spine surgeons there.

**Philanthropy:** You gave \$15 million to create an honors college at the University of Kentucky.

**Lewis:** That story starts back in 2002, when we started a college scholarship fund in Arizona. We'd get 200 applicants or so, and we would interview 40 of them—I'd do 20 and Jan would do 20. Then she would pick her best 10, and I'd pick my best 10, and we'd switch. I'd interview her picks and she'd interview mine, then we'd talk, and select 10 winners. It was a \$20,000 scholarship over four years for each student. We did that for 16 years.

As we did that, we found that all of the better students were leaving Arizona. They weren't going to our local university, Arizona State, because it was known as a party school. The few that stayed in state enrolled at the University of Arizona Honors College.

Then Michael Crow came to ASU as president in 2002. He instituted sweeping changes. Under his leadership ASU created the Barrett Honors College. It hired a new provost from Swarthmore. The "brand" of ASU went way up.

The honors college was only 6,000 students out of the total undergrad enrollment, but it lifted the university performance. Our scholarship students started choosing ASU. Then we decided to restrict our scholarship to those who attend Barrett. Focusing the scholarship on one school, we could now do more than just give students money. We could give them career counseling. Self-assessments. Have them read important books. Get them to spend time with each other. We learned that when we sent kids all over the country we never saw them again. We couldn't add as much value to their college experience.

And then one day the light went on. I'm from Kentucky. I went to the University of Kentucky. My family goes back in Kentucky seven generations. I'm related to Daniel Boone. I love that place. Although I've lived in Arizona 39 years, that's where my heart is. That's where my roots are.

The University of Kentucky is a good school of about 20,000 undergraduate students. I had been giving scholarships there for a long time. My first was a scholarship to honor my mother, for students from Eastern Kentucky, in the Appalachian part of the state where my family is from. Then I created another scholarship for students in the honors program, which got me working with the director of the honors program. The program was pretty small, and a little helter-skelter.

A lot of the top Kentucky students don't go to U.K. They look for scholarships to attend a private college. But what if Kentucky could offer a small-college experience paired with a hospital and SEC sports and all of the advantages that a big public research university can offer? That might keep Kentucky's best students in state. Jan and I have learned through our scholarship program that the best students want to be around other students who are serious about their studies. They don't want to go out and party on Thursday night. That means special dorms.

Having seen what Barrett Honors College did for ASU, I thought an honors college could have a similar effect on Kentucky. And it already has. More importantly, it could have a lasting impact on the state, which is very important to me.

**Philanthropy:** How's it going so far?

**Lewis:** It's going great. Initially, I was worried about who would be chosen as the dean. We went through the normal university process and none of the candidates were very good. Then President Capilouto said he'd like to fly out to Arizona and talk to me. He suggested we hire a man we already knew, who was not one of the finalists, and hoped to make sure I was good with it. He's a great, great leader who ran the Schreyer Honors College at Penn State for ten years, and is also an Episcopal minister. We were lucky to get him, and it's off to a great start.

**Philanthropy:** Many people agree with you that character is a huge part of success in life. But they're not sure how to develop it. How do you invest in character?

**Lewis:** I've been down that road. I once made a \$300,000 commitment to help an organization expand to Phoenix; it hired the wrong people and didn't come close to meeting its goals. Its definition of character was more "feelings" based, versus any clear moral standard.

There's a part of the Left that believes that character education can be judgmental, and that judging is inappropriate. Some think having character is being true to whatever you feel in your own heart, that it's just personal.

I've learned over the years that character development is actually controversial. There are people who don't want to be told there are any absolute truths.

And then I got involved with some faith-based organizations that don't think of themselves as character-building organizations, but they totally are. They're preaching the model of Christ, to me the ultimate character message. Humility. Selflessness. Helping others. Integrity. Standing up for what's right.

So I started getting a lot more comfortable with organizations that are faith-based, like Fellowship of Christian Athletes and Young Life. Because with faith, a relationship with Christ, a child is going to do a lot better in life. He's going to be happier, more productive, a better dad, a better husband. That, to me, is a wonderful gift for a child who is in need.

**Philanthropy:** Speaking of children under stress, how did foster care get on your radar?

**Lewis:** I started working with a crisis nursery a long time ago. This really resonates with me. My dad was an alcoholic, and we had problems when I was a kid. There were times when we had to escape.

Today foster care is a crisis all over the country. It's part of the whole broken family/unwed childbirth/opioid crisis. It's hitting the bottom half of the population, especially children of those people.

It got really bad in Arizona in 2008, when we went from 6,000 or 8,000 kids in foster care to 20,000 in about three years. Then the state changed the agency. So now we had a foster-care startup with 20,000 kids. It literally had children sleeping in downtown offices because the agency had no place to put them.

Now it's settled down, and we're trying to reduce the number of children in the system. We're back down to about 14,000, and we'll hopefully get it down to about 10,000. The fewer kids in the foster-care system, the better.

At any level, foster care is not a great place for children. The system can be like jail. Once the state grabs a kid, the trap door shuts. The kid can't get out until all laws are complied with, and it's a maze. There are a lot of decent parents who lose their kids for some silly reason and can't get them back.

I'm working with Generation Justice run by Darcy Olsen, working on public-policy reform. She's a foster and adoptive mom and a conservative who used to be president of the Goldwater Institute. She was behind legislation in Arizona that streamlines adoption for older foster children, removes barriers to special education for foster children, and is a model for reforms in other states. Jan and I are also supporting kids who are currently in the foster-care system—buying them Christmas presents, giving them summer experiences, summer camp, just trying to help them be normal. And we are working with the state to try to get the numbers down. It's such a tangle of laws and policies, but we're chipping away at the edges.

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