

A Rising Tide of Engaged Philanthropy

An address by Raul Fernandez, chairman emeritus of Dimension Data North America and VPP founding investor and board member, on the high tech community's increased involvement with high-engagement philanthropy, and his own involvement with VPP, at the Greater Washington Business Philanthropy Summit, March 30, 2001.

Thank you. It is a great pleasure to be here this morning among so many dedicated people working to help make our community a better place.

In the past five years, the greater Washington region has seen an explosion of new companies creating technologies and products that facilitate and propel the growth of the "new economy"--companies like AOL, UUNET, OTG, Proxicom, webMethods and Aether Systems, to name a few. In the early 1990s, these firms and many others like them were part of a rising tide of new businesses--one that grew under the radar screens of most here in the region. Now these companies and the investors who funded them are creating another rising tide, but this time in philanthropy. And just as they did in their business evolutions, their philanthropic actions are emerging as a force not only here in the region but nationally and globally as well.

Despite their different business models, those who are part of this new high-tech community are united in their desire to give back. But, just as they have been driven by definite and sometimes unconventional ideas about building their businesses, they also have definite, new ideas about going beyond charitable giving to more engaged philanthropy. They want to harness not just their money but their talents and energies to make a difference--to help make this region a better place for residents to live and do business.

If this sounds idealistic, it is. And if this is news to you, it may well be, because there is a lot of good work that has been going on quietly, without fanfare. The millions of dollars deployed to foundations and charitable causes draw headlines. What you don't hear about is the soul searching, the thoughtful questions, and the quiet acts of kindness performed every day by people who sincerely want to use their good fortune to help others.

And this is only the beginning of a rising tide of engaged philanthropy in our region that includes not just financial support but also personal involvement. In the next 10 to 20 years, the national capital region will see its philanthropic base and community of engaged philanthropists grow considerably as those new to philanthropy and those well-established in it come together, just as they did in the late 1990s to coalesce the region's business evolution. Not only will billions of dollars be invested in our community, but hundreds and perhaps even thousands of people and businesses will become personally involved in philanthropic efforts.

This emerging philanthropy is not only focused on raising the level of funding but also its effectiveness. This tide of engaged philanthropy will be increased by the convergences of the new wealth, new philanthropic models and existing philanthropy.

The tide has been building for some time. AOL Time Warner was in many ways a catalyst--it created a remarkable base of wealth here in the region, not only concentrated in a handful of executives but also spreading to several thousand others working at AOL--forming the core of the new philanthropy in our region.

But by no means is AOL Time Warner the only company to have created a base of new wealth. Businesses like webMethods, Aether Systems and scores of others are contributing to this rising tide. And earlier this month, the Northern Virginia Technology Council announced the creation of a new foundation and encouraged its 1,000-plus members to become engaged, fueling a potentially enormous increase in resources devoted to effective "community investment" in our region.

Before I tell you about some of the extraordinary work that is going on in philanthropy in the region, let me share with you my own evolution as a philanthropist.

When Proxicom went public and I realized my own net worth, I needed to find meaningful ways to help those in the community who weren't as fortunate as I. But I wasn't really sure what to do, or how to do it. There isn't a *Philanthropy for Dummies* book you can buy that clearly shows the best route to effective philanthropy. Andrew Carnegie once noted that it was much easier to make money than to give it away. How right he was.

One thing I did know was that I didn't just want to write a check. I wanted to channel both my wealth and knowledge in an effective way to make a difference. But how?

Like so many people just beginning to get involved in philanthropy, I started with things that were of personal importance to me. I made a donation to St. Johns, the school I attended and that gave me so much. And thanks to my friend Ted Leonsis, I became heavily involved with Best Buddies, a program that helps children with mental retardation.

But the truly formative event for me was becoming engaged with Venture Philanthropy Partners. Let me explain.

In 1999, I turned to another friend, Mario Morino, to ask his advice as so many others in the high-tech sector have. Mario is one of us and provides a prime example of how to be an engaged philanthropist. He has not only been engaged in philanthropy since the mid-1990s, but he and his teams at the Morino Institute and more recently at Venture Philanthropy Partners have meticulously studied it. They have tried and experienced firsthand new models and approaches. As a former technology CEO and now CEO of the Morino Institute which has worked with many nonprofits, he, more than most, understands the complexities and challenges of both the business and nonprofit worlds. And he is a bridge to both.

And now Mario Morino, Mark Warner and I, along with 27 other new economy leaders, have come together to launch Venture Philanthropy Partners, an exciting experiment in venture philanthropy. I am proud to say that my wife Jean Marie and I are founding investors and have personally invested \$4 million.

Venture Philanthropy Partners, also known as VPP, has become a force in raising the philanthropic awareness of many of us in the new economy. It has brought together 30 business leaders and raised \$32 million in capital. But perhaps even more significant, this effort has touched literally hundreds in the high-tech sector, encouraging them to become more philanthropically engaged in the region.

I invested in VPP because I believe in its mission to demonstrate that building high-performing nonprofit organizations results in significant social impact, and by so doing, raises the level and effectiveness of philanthropic giving and engagement within the high-tech sector and the region as a whole.

What has impressed me from the outset is the meticulous way in which VPP has been thought through and developed. I've participated in the planning since mid-1999 and was able to participate in the two seminal strategy sessions in which leaders from philanthropy and nonprofits serving youth came together with business people like myself -- and let me tell you, it was eye-opening.

What was so encouraging in those early meetings was to hear people like Michael Brown, cofounder of City Year, and Gary Walker, president of Public/Private Ventures, confirm the importance of VPP's approach to be a high-end strategic investor -- a funder that will augment its financial support with strategic management assistance. VPP borrows some of the funding strategies that high-end venture capitalists use to build and grow great companies --invest in leadership and help support that leadership with funding and management assistance to build a successful enterprise.

But unlike what often happens in the venture capital world, VPP will not intrude and direct. VPP aspires to be a true strategic partner with the organizations in which it invests, to develop long-term relationships and build trust with the people at the organizations we fund.

Our work begins with the funding. We have to be supportive consultants. We provide management advice-helping management refine missions, clarify goals. We help in developing and recruiting management, to strengthen it. We help organizations deploy and apply tools and mechanisms, such as technology, to help them achieve their missions. We make long-term commitments that enable organizations to invest in their capacity for the long haul. More than anything else, we seek to help build great organizations that, in turn, create great value for the children and communities they serve.

This is a difficult undertaking. We've been at it for several years and still have a long way to go to get it right. We're formed, funded and staffed. We've now surveyed several hundred organizations to come up with a short list of 30-some potential organizations in which to invest. And we are working to narrow this down further to make our first

investment within the next month, with one to two more to follow before the end of this year. And, believe me, we're learning in the process.

VPP resonated with me because I believe it will make a huge impact and lead to substantial, long-term social good. But Jean Marie and I are also pleased to be part of a community of others, who like us want to learn and grow in their philanthropy.

We are not the only ones to be swept up in this new philanthropic tide. There are so many others, good people, committed people, who really do want to make a difference. And it isn't just individuals but entire families who are getting involved in helping all aspects of our community -- from the arts, to education, to health care, to bridging the gap between rich and poor.

Some people have made substantial gifts, like Jim Kimsey, who through the Kimsey Foundation gave to the Kennedy Center, and Bob Pittman and Barry Shuler, who donated to the Corcoran. All three men are supporting longstanding institutions in our community.

Others, like Jean and Steve Case, Art and Kathy Bushkin Calvin, Marla and David Oros of Aether Systems, Mark Warner and Lisa Collis and, of course, Caren DeWitt and Phil Merrick of webMethods, whom you've just heard from, have created new organizations and foundations.

As I learn more about what people are doing in this region, I am continually touched and amazed by the depth, creativity and speed with which good things are happening. These are people in the prime of life, rolling up their sleeves and getting involved. I'd like to share with you some of their stories.

Joe Robert, whose day job is running a global real estate investment and management asset company he founded, works equally hard in raising money to support organizations and institutions that help our region's children. If you don't know Joe's name, you may know about Fight for Children, the organization he started 12 years ago. Fight for Children has supported hundreds of organizations, making it possible for them to provide scholarships, health care, sports and recreation, mentoring, and arts and cultural programs to thousands of children. Joe is co-chairing a \$250-million campaign for Children's Hospital to develop the most advanced research to improve the health of children today and for future generations -- and he is off to a fabulous start with his personal gift of \$25 million to the hospital. But perhaps Joe's greatest gift is his ability to inspire others to get involved. He has enlisted many in the business community--and many of you are here today--who have enthusiastically joined him in his fight for children. Joe Robert, Jim Kimsey and I share one thing in common--St. Johns. They both tell people they graduated with me.

Nina Zolt is another example of engaged philanthropy. A former media executive, Nina believes that reading is the key to academic and professional success. When she and her husband Miles Gilburne, a former executive at AOL and now an AOL Time Warner board member, began to think about what they could do to give back, Nina felt strongly

about finding a way to give all children an equal chance. So about four years ago, she founded In2Books, a program that works in partnership with the DC Public Schools to provide students with quality books to keep, and a caring adult pen pal to correspond with about the books. In2Books also supports participating teachers by providing a companion graduate course highlighting state-of-the-art literacy strategies.

In2Books is knitting together a community of teachers, parents and pen pals focused on putting an intellectual lifeline in place to nurture a new generation of leaders. The program serves more than 1,000 first-, second- and third-graders and Nina hopes to serve 3,000 students this fall. As Anton, a third-grader who participates in the program wrote in his letter "How do you guys get so many fun books that cheer little children up?"

Kathy and Art Bushkin are also contributing to this rising tide. Art, a successful entrepreneur in the telecommunications and financial services industries, and Kathy, president of the AOL Time Warner Foundation, have created the Stargazer Foundation that aims to use technology to provide nonprofits and the educational community with affordable, cost-effective means to increase both their access to and ability to share information. Through their StargazerNET™ Internet platform and portal, organizations across the region and around the globe will be able to collaborate, share knowledge and come together in ways that would not otherwise be possible. In this region known for viral innovation in the technology business, it's only fitting that we're also developing a reputation for innovation in creating - and giving away - exciting new tools, usable by both businesses and individuals, to facilitate philanthropy, civic engagement and support for education.

While the Bushkins and Nina Zolt formed organizations to pursue their individual philanthropic interests, Katherine and David Bradley of The Advisory Board Company, National Journal Group and Corporate Executive Board, and Josh Freeman of Carl M. Freeman Associates, have created mechanisms to expand their own personal beliefs about philanthropy with their employees.

The Bradleys founded ServiceCorps, an effort that designs and matches their employees with volunteer opportunities in the community. ServiceCorps works with employees to determine what they'd like to do and then creates a customized program for each employee. More than half of the Bradleys' 1,300 employees participate in ServiceCorps, donating more than 10,000 hours of time to 105 area nonprofits.

"If you're in this area, you have a responsibility to make this a better place to be," says Katherine Bradley. "We've got a great group of young people in our company with a real desire to make a difference. We hope we are training a new generation of leaders and that their desire to make a difference will travel with them."

Josh Freeman is president and CEO of a community development company based in Maryland. Born and raised in Montgomery County, he remembers his father, Carl Freeman, constantly asking him what he would do to give back to his community. Today

he is answering that question by inviting his employees to join him in giving back and helping them find ways to channel their desire to help others.

Freeman donated \$1 million to help the Olney Boys and Girls Club build a new facility. But in addition to the money, Freeman gave them something perhaps even more valuable - his time and expertise and that of several of his employees. He and his employees worked with the Olney Boys and Girls Club to get through the planning and zoning process, manage the construction and, in essence, help make the building happen. The building has opened a whole new level of possibilities. In addition to asking how they help the children they currently serve, the Olney Boys and Girls Club is now asking how it can have a broader impact throughout Montgomery County.

"We, as business owners, have a tremendous opportunity to impact our communities in many ways we don't often use," Freeman says. "We act as if philanthropy is only discussed around the kitchen table. However, it's the merging of the business and philanthropic worlds that creates the greatest impact. When I stand up in front of my employees and show them this is important, I create momentum and provide ways to get others involved who want to do good things but don't know how."

Finally, I'd like to end with a story about my good friend Ted Leonsis, who like me is a relative newcomer to philanthropy. Ted not only gives his money but his time and energy. He has supported Best Buddies and recently decided to fund e-Buddies, an e-mail program that pairs people with mental retardation with business people. Ted and his buddy, Ken, e-mail each other five times a day. One day when Ted was checking his e-mail, he read a note from Ken, who told him that some kids had teased him about being retarded. Ted was so moved he called Ken immediately. Ted isn't just interested in donating money but in developing relationships. His feeling is that if he can give his time, as busy as he is, others will hopefully see that they can too.

I could go on and tell you more stories...

Marla and David Oros, who founded Connect Maryland, a unique public-private partnership to strengthen and create health care and education programs for children in Maryland... Mark Warner and Lisa Collis, who founded the CollisWarner Foundation in 1997, which has helped thousands of Virginians bridge the digital divide through free computer and Internet training classes. The foundation has helped increase minority employment in the high-tech sector by partnering students of Virginia's Historically Black Colleges and Universities with the state's leading companies...

But if I don't stop, Glen will have to buy us all dinner, and that's not part of the program.

We live today in extraordinary times. Despite the economic downturn, this is a time of great prosperity. It's also a time of great need. We all have an obligation to give back. We must all stop, look around and when we see a problem, do whatever is in our power to try to solve it. When we do so, we not only help those who need it, but we help make our community, our region, a better place to live and work for everyone.

We are witnessing a rising tide of engaged philanthropy. The challenge for us is to skillfully ride this wave. So we must think about not just how much we give, but HOW we give -- and, most importantly, HOW EFFECTIVELY we give.

In business, we constantly look to leverage our products, our talent and our technology. We must apply the same rigor and the same focus to our philanthropic efforts. We must try new things and not be afraid to make mistakes. We must be patient and not expect quantum change in a few quarters. We must share not just our money but also our knowledge, our talent and our hearts. And most of all, we must listen to and learn from those in the nonprofit community, who, like us in the business world, understand their world and have solutions that need our help. Organizations like Greater DC Cares can help us to do just that -- link business people to the nonprofit community in creative ways. This way we can leverage our efforts to support and empower those community organizations that, on behalf of us all, take on our most formidable social problems.

I challenge each of us to figure out how we -- both individually and through our businesses -- can most meaningfully contribute to and continue the growth of this rising tide of engaged philanthropy in our region. Let's set an example for other businesses, for our employees, and for our own families to make our community a better place for everyone.

Thank you.