Philanthropy—Social Entrepreneurs

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Eric L. / ERIC G. - Somebody from New Markets shd call this guy. Nancy H. gave me this - BR

PHIL - SOC owner

January 13, 2000

The President
White House
Washington, D.C. 20500

Dear Mr. President,

Recently I have had the privilege of sharing some time, as well as the opportunity to work with Mr. Bill Strickland, a "social entrepreneur" who operates a non-profit community learning center in Pittsburgh, PA.

Through his programs at the center, he has developed a model philosophy for economic revitalization of depressed areas by combining arts and business entrepreneurship that targets "at risk" youth and displaced adults. His method of teaching paired with his business of social change have sparked the interest and support of institutions like the Harvard Business School, the Harvard Graduate School of Education, and the MacArthur Foundation, who awarded him a "genius grant". He has also received attention from notable individuals like First Lady Hillary Clinton, and San Francisco Mayor Willie Brown, with whom he recently teamed to replicate his Pittsburgh center in San Francisco.

Last year I challenged Bill to come to the Arkansas Delta and join me in visiting with local community and business leaders about his program in Pittsburgh and ways to adopt his template for social change in the lower Mississippi Delta. His visit was productive and had a lasting impression on everyone in attendance. In fact I am now in the process of organizing a Delta delegation to visit Mr. Stickland's $8 Million arts collaborative and vocational training facility in Pittsburgh at his invitation.

Bill Strickland's unique inspirational approach to community rebuilding of low-income areas echos our desire and commitment to revitalizing the Delta. After all I have asked of Mr. Strickland, his only request of me is to help facilitate a brief meeting with you to discuss his training programs and vision for future social change.

I would appreciate any consideration you can give to this request. I have also enclosed a few articles about Bill Strickland for your infromation. Please contact Chris Masingill at 202-224-4736, in my Washington office, for any additional information that you may need.

Sincerely,

Blanche L. Lincoln

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enclosures

William E. Strickland, Jr.
President/CEO, Manchester Craftsmen's Guild/Bidwell Training Center, Inc.

Bill Strickland was born in Pittsburgh in 1947, and graduated from David B. Oliver High School in 1965. He entered the University of Pittsburgh, studied American history, and foreign relations, earned a bachelor's degree and graduated cum laude in 1969. Currently he is a Masters of Arts Degree Candidate at the University of Pittsburgh.

In 1974, Bill Strickland served as Chairman of the Expansion Arts Panel of the National Endowment for the Arts (NEA) in Washington, DC and served a six-year Presidential appointment as a Council Member to the NEA. Strickland served as a Council Member on the Pennsylvania Council on the Arts and the Pennsylvania State Board of Education, a trustee at The Carnegie, and as a Consultant with the British/American Arts Association in London, England.

In 1996, Bill Strickland was presented with the prestigious MacArthur "Genius" Award for his leadership and ingenuity in the arts. Presently, Bill Strickland is the President/CEO of Manchester Craftsmen's Guild and Bidwell Training Center, Inc., both founded in 1968. His duties include developing and implementing major fund raising plans of action; working with Boards of Directors and an Industrial Advisory Board; encouraging participation of corporate executive officials from major multi-national Pittsburgh corporations; and planning and implementing other strategic plans such as a recently completed eight million dollar campaign for the construction of a 62,000 square-foot facility as a mortgage free asset for both agencies. The facility includes a 350 seat performing arts music/lecture hall, library, arts studios and labs, lunch room facilities, an IBM Center and specially designed classrooms for vocational training. He is presently leading the development of a 60,000 sq. ft. medical technology complex which will exceed a million in value.

In 1998, Bill Strickland received the prestigious Kilby Award and the "Coming Up Taller" Award which was presented to him in a White House ceremony with first lady Hilary Rodham Clinton. He has excelled in cultivating collaborative partnerships in Pittsburgh, San Francisco, Baltimore and Kansas City in addition to the acquisition of successful relationships with prominent foundations such as the ALCOA Foundation, Helen Bader Foundation, The Danforth Foundation, Ford Foundation, The Forbes Fund, the Greater Kansas City Community Foundation, the Milwaukee Foundation, W.K. Kellogg Foundation, Social Venture Partners, Pittsburgh Foundation and Pew Charitable Trust.

In 1999, Bill Strickland was presented with the Commonwealth of Pennsylvania Arts Leadership and Service Award.

Bill Strickland has served as a consultant, grant evaluator, and mentor in the field of arts and arts education community development and vocational training.

Qualifications Include:
- Airline Transport Pilot - Multi Engine
- Certified as a Second Officer on Turbo Jet Aircraft
- Over 700 hours on the Boeing 727 in actual flight conditions
- Over 2800 hours total flight time in both air carriers and general aviation flying

Professional Involvements and Associations
- Former Board Member: State Board of Education, Commonwealth of Pennsylvania
- Trustee: The Carnegie, Pittsburgh, Pennsylvania
- Consultant: British/American Arts Association, London, United Kingdom
- Board Member: Business and Industrial Development Corporation, Northside Civic Development Council, Pittsburgh, Pennsylvania
- Board Member: Pittsburgh Fund for Arts Education, Pittsburgh, Pennsylvania
- Board Member: West Penn Hospital, Pittsburgh, Pennsylvania
- Board Member: Americans for the Arts, Washington, DC
- Trustee: University of Pittsburgh
- Board Member: Institute for Social Enterprise, Harvard Business School, Cambridge, Massachusetts
- Honorary Doctorate: Chatham College
- Honorary Doctorate: San Francisco Art Institute
- Honorary Doctorate: Maryland Art Institute
- Honorary Doctorate: Rutgers University
- Honorary Doctorate: Columbia College
- Adjunct Faculty, Harvard School of Education, Cambridge, Massachusetts

Publications
- "Across the Spectrum," A primer for developing arts programs

SENATOR BLANCHE LINCOLN

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BR
cc: Sylvia
cc: Bruce Reed
cc: Ana Kon[illegible]
cc: Chuck B
Kr comment

DATE: 2/2/00

FAX TO: NANCY HERNREICH

OFFICE:

FAX NUMBER: 202-456-6703 DIRECT DIAL:

FROM: JONATHAN RHODES
EXECUTIVE ASSISTANT

SUBJECT: PER OUR PHONE CONVERSATION I AM FAXING YOU A COPY OF SENATOR LINCOLN'S LETTER TO THE PRESIDENT CONCERNING A VISIT W/ DR. BILL STRICKLAND. I WILL WORK TO CONNECT THE SENATOR W/ YOU VIA PHONE THROUGHOUT THE DAY TOMORROW (2/3). THANK YOU.

NUMBER OF PAGES ~~4~~ 3 (including cover sheet)

PHILANT —
Social Entrepreneurs

Call [illegible]
give
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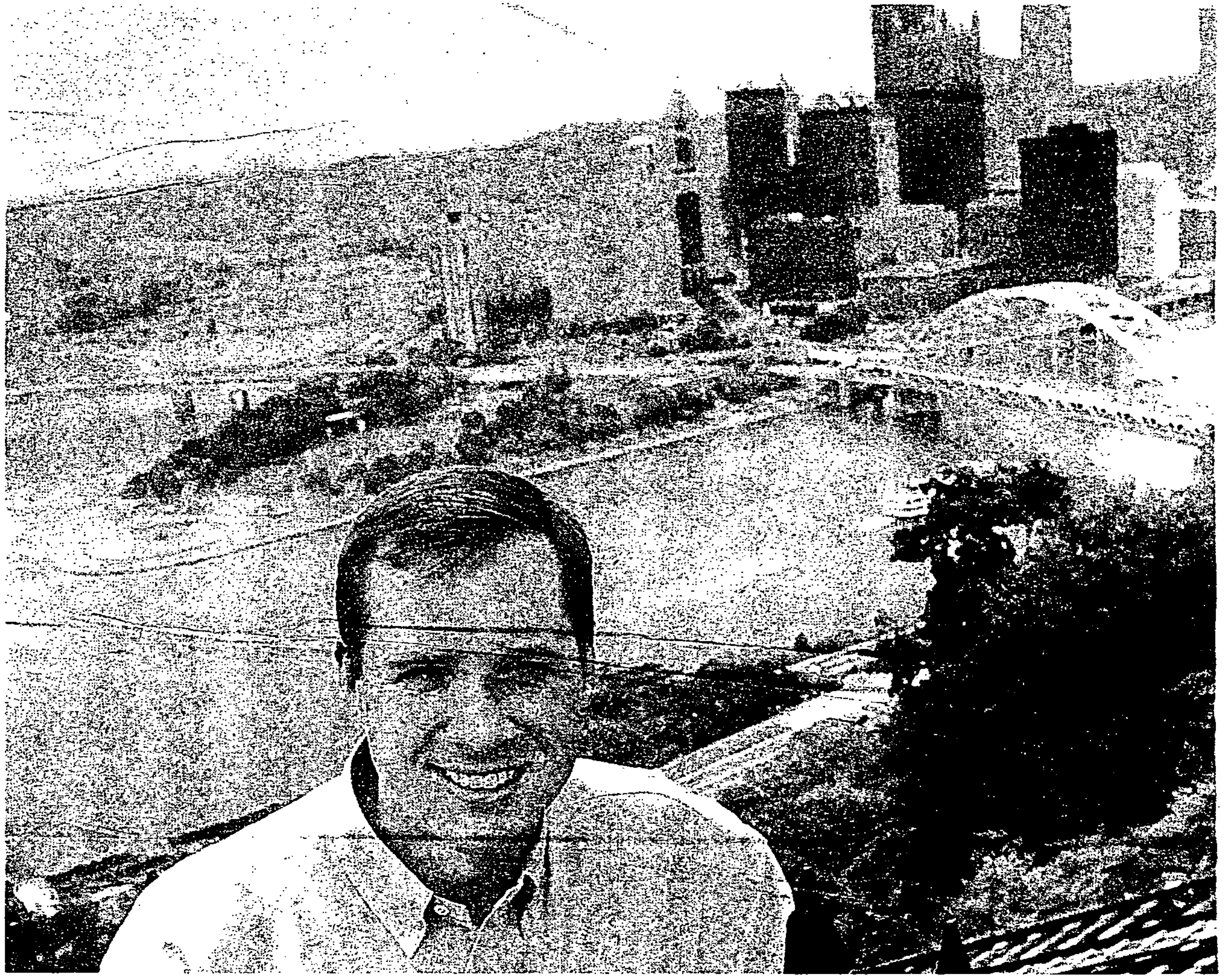
Fund Raisers Drum Up New Business

More and more charities are looking to turn entrepreneurs into donors

By **HOLLY HALL**

THE PITTSBURGH PUBLIC THEATER has won a reputation for pushing artistic boundaries. Now it is trying to push conventional fund-raising boundaries by seeking big gifts from business entrepreneurs, most of whom have no track record of giving to charity of any kind. If the theater succeeds, it could offer a new model for raising money in an era when entrepreneurs are transforming the nation's economy.



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Already, the non-profit theater has reason to believe its "New Economy Challenge" fund-raising drive is working. It has persuaded 43 entrepreneurs, mostly in high-technology and related businesses, to make sizable donations for the first time in their lives.

Though many charities have traditionally made little effort to seek money from people who are in the early stages of building a business, the Pittsburgh theater is not the only organization that's trying to turn new entrepreneurs into philanthropists. Some others:

▸The Triangle Community Foundation, in Research Triangle Park, N.C., this summer started the Entrepreneurs Venture Fund, which will solicit two types of gifts: cash or other liquid assets from successful entrepreneurs, and pledges of stock from new entrepreneurs whose companies have venture-capital backing but do not yet have liquid assets. The new fund, which the foundation hopes will grow

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JANE FREUND, FOR THE CHRONICLE

Glen Meakem, founder of FreeMarkets OnLine, donated $110,000 to the Pittsburgh Public Theater because he likes its avant-garde repertory: "I could never get excited about doing this for the opera."

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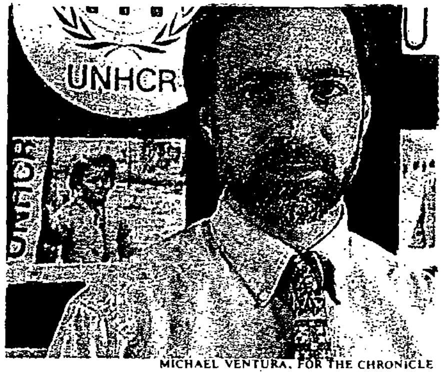
The Chronicle on the Internet: http://philanthropy.com

United Nations Holds Out Its Hat

Jeffrey Meer *(right)* is leading an effort to raise private gifts for the U.N. agency that helps refugees. But some critics say the U.N. and its affiliates should not be competing for charity. Story on Page 7.

Counting on Charities

The Census Bureau seeks the help of charities in conducting next year's census—which will affect government spending for a decade. Story on Page 33.



MICHAEL VENTURA, FOR THE CHRONICLE

A complete guide to this issue appears on Page 3.

FUND RAISING

Trends and Ideas

JENNY WARBURG, FOR THE CHRONICLE

Chris Evans (right), who sold his Internet business for $55-million, helped Shannon St. John, head of North Carolina's Triangle Community Foundation, develop a fund that offers budding entrepreneurs a way to give early in their careers—a time when their money is often tied up in building their businesses.

Fund Raisers Drum Up New Business

Continued from Page 1

to at least $500,000, has just received its first gift—$50,000.

▸ The Entrepreneurs' Foundation, in Menlo Park, Cal., which seeks gifts only from entrepreneurs, has so far received donations of stock worth $4.9-million (*The Chronicle,* August 13, 1998). A similar fund in Boston called New Profit Inc. (*The Chronicle,* April 9, 1998) has raised $1.1-million.

▸ In June, Community Foundation Silicon Valley held its first meeting for young entrepreneurs, venture capitalists, and other professionals, most of whom are in their 20s and 30s and willing to donate $2,500 or more over the next two years to the foundation. The donors will become part of a committee that will meet quarterly to share information about giving and decide how to distribute contributions—about $125,000 so far.

Says Peter Hero, president of the Silicon Valley fund: "We are doing this to fit a rapidly changing donor base that is increasingly young entrepreneurs."

Silicon Valley is not the only place being transformed by entrepreneurial activity, much of it in high-technology ventures. Entrepreneurs are creating new jobs and have been fueling much of the country's extraordinary economic growth over the last few years in cities like Boston, Los Angeles, Pittsburgh, Raleigh, N.C., and Washington.

As the evolution toward a global economy based on information and services continues, the number of entrepreneurs and small companies is expanding rapidly. An estimated 898,000 new companies were incorporated last year, the Small Business Administration reports, up from the 595,000 established in 1982, the first year that the federal agency collected such figures.

Moreover, the amount of money that venture capitalists are pumping into new companies has soared, from $3.8-billion in 1990 to $18.5-billion last year, according to Venture Economics, a company in Newark, N.J.

Starting With 'Little or Nothing'

While many new companies fail, a healthy number make their founders rich. An analysis by the Kauffman Center for Entrepreneurial Leadership, in Kansas City, Mo., found that more than 300 of the people on the Forbes 400 list of wealthiest Americans are first-generation entrepreneurs who—as the researchers put it—"started with little or nothing

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For Fund Raisers, Entrepreneurs Present a New Set of Challenges

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and built a major enterprise creating enormous wealth."

But if entrepreneurs are an increasingly important group for charities to court, they also present many fund-raising obstacles.

Many fund raisers aren't sure how to even find the entrepreneurs who might be interested in their organization's charitable work.

As they build their businesses, entrepreneurs usually plow all of their financial resources back into their privately held enterprise, sometimes operating out of an apartment or garage and maintaining a modest way of life. As a result, they often escape the notice of fund-raising researchers, who generally use public records to uncover assets such as stock in publicly traded companies and commercial real estate.

Study of Business Owners

Frustrated by a lack of information on new business owners, Lisa Dietlin decided to figure out how many entrepreneurs were among the alumni of Michigan Technological University, in Houghton, where she worked as a fund raiser until recently.

Last year, as part of her master's thesis, Ms. Dietlin surveyed 1,147 of the alumni—most of whom had made at least a modest gift to the university—and found that more than 30 per cent of them had created their own companies, mostly small businesses, in recent years.

"We were completely missing these people" in efforts to get large donations, she says. The university has a committee that raises big

but it had focused on established corporations like Dow Chemical and the Dow Corning Corporation and their senior executives.

"It was easy to approach these companies in one fell swoop and try to get their executives to give, sort of like United Way does," Ms. Dietlin says. "It was the Eisenhower-era approach to fund raising."

To bring its efforts more in line with economic realities, the university has now added an "entrepreneur committee" to the board of its fund-raising arm, the Michigan Tech Fund.

Ms. Dietlin also learned from her survey that the entrepreneurs who donated to the university had started doing so later than other alumni. On average, they did not make their first gift to the institution until ten years after graduation, while other alumni started giving about eight years after graduating.

She also found that, on average, entrepreneurs made their largest gift to the university about eight years after starting their businesses.

Ms. Dietlin says she plans to use that finding in her current job as assistant dean for development at the University of Illinois's College of Business Administration, in Chicago. She wants to start building ties to alumni who have recently created companies, though she says she will refrain from asking for a substantial gift until the alumni have been in business for at least eight years. That strategy, she says, may give her institution a leg up on others who do not approach entrepreneurs until much

that their companies are making an initial public offering of stock or have been sold.

"A lot of times we read in *The Wall Street Journal* that someone just had a great I.P.O. sale and they made $20-million, but think about how you would feel if newfound wealth came into your life, and all these people are suddenly knocking on your door," Ms. Dietlin says. "Newly wealthy people are offended when all of these people suddenly come after them."

Even if they wanted to, she notes, many entrepreneurs can't make significant gifts until their companies succeed. It's important to have a relationship with them before then, says Ms. Dietlin, but fund raisers need to remember that giving by entrepreneurs "is on their time line, not yours."

'You Get One Shot'

That's why entrepreneurs are unlikely to respond to appeals urging them to give by a deadline imposed by the charity—before a capital campaign ends, for instance. And because they usually spend all of their waking hours making their businesses work, most do not respond to invitations to serve on charity boards or participate in other activities that involve a major time commitment.

Vanessa Kirsch, president of Boston's New Profit Inc., says traditional fund-raising methods simply don't work with entrepreneurs.

"We're all used to the strategy being that for the first two meetings you don't ask for money," she says. "But it's very different with these guys. They have no time, and

a month. They're used to selling themselves, and they expect to be sold to. So you come in, and you get one shot. You have to convince them in a very tight way that you know the problem and the solution."

Ms. Kirsch says that she has trained herself to make "elevator pitches." She explains: "You have to be able to make your whole case in the amount of time it would take to get in an elevator with them and ride up to their office."

Making the Case

Many fund raisers, however, are uncomfortable being that direct, says Robert B. Sharp, president of a Lafayette, Colo., fund-raising firm that bears his name.

In interviews with entrepreneurs, he says, he learned that such people "are not even remotely interested unless you can demonstrate that you are cutting edge and the best in the market at what you do." But, he says, many of his charity clients are "reluctant to adopt this aggressive a style in touting themselves."

Charity leaders have learned to give out information on how many people they helped or other measures of effectiveness, says Mr. Sharp, but entrepreneurs want much more than that.

"If you create a Pentium chip, it's not a matter of the chip being effective; it's a matter of the chip catapulting you into an effectiveness never known before," he says. "Effective non-profits do not interest a lot of entrepreneurs. What interests them is how you do something in such a remarkable way

field. That is how these people think of themselves, and that's what they want to see in you."

Breaking With Tradition

Some charities hope to take advantage of new entrepreneurs' penchant for changing the playing field by offering them the chance to "be a big fish in a little pond," says Leslie Wild, development officer at the Pittsburgh Public Theater.

The theater's efforts, she notes, have centered on getting new entrepreneurs to embrace their role as major players in the changing economy—and to demonstrate that they are markedly different from the wealthy donors who built more-traditional arts institutions a generation or two ago.

One entrepreneur who appears to have taken that message to heart is Glen Meakem, the 35-year-old founder of FreeMarkets OnLine, a Pittsburgh company that solicits on-line bids from suppliers to help companies get industrial products at the lowest price. Mr. Meakem, whose company has grown from two employees to 250 in less than five years, is leading the theater's effort to raise money from entrepreneurs and has donated $110,000 himself.

"This theater is a great symbol for the new economy," he says. "I could never get excited about doing this for the opera."

Mr. Meakem and other entrepreneurs not only give money to the theater, but they also offer another valuable contribution: introductions to people with the potential to be major donors.

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"They have introduced us to venture capitalists and other professionals," says Ms. Wild. "All of these people have lawyers and bankers and investment counselors. They do not go to the big law firms, so I am uncovering niche accounting firms and niche law firms we never knew about."

Immediate Gratification

Some non-profit groups are reaching entrepreneurs by finding ways to make a charitable donation seem similar to a venture-capital investment.

In North Carolina, the Triangle Community Foundation's new Entrepreneurs Venture Fund is seeking both cash and other liquid assets from successful entrepreneurs, and pledges of stock from new entrepreneurs.

Here's how it will work: Entrepreneurs who have pledged stock to the fund will be able to "borrow" against their pledges, making gifts immediately with the cash donated by the established entrepreneurs. When their own companies go public or are sold, the stock they pledged will be transferred to the foundation and sold to pay back the venture fund, thus replenishing it for future donors.

Any additional money from such stock sales will be split evenly: Half will be available for new gifts by the original donors who gave liquid assets, and the other half will become available for gifts by the new entrepreneurs whose companies have succeeded.

Chris Evans, founder of Accipi-

Getting Entrepreneurs to Give: a Sampling of Resources

Following are four recently released resources about entrepreneurs and their participation in philanthropy:

▸ **Entrepreneurs and Philanthropy: Giving Patterns and Trends at Michigan Technological University,** a master's thesis completed in July by Lisa Dietlin, argues that charities have ignored entrepreneurs as a class of potential donors. The author describes her review of research and statistics on entrepreneurs, her interviews with 10 entrepreneurs, and a survey she undertook to find out how many entrepreneurs were among more than 1,000 alumni at Michigan Technological University. Based on her findings, Ms. Dietlin argues that entrepreneurs are increasingly important to the economy at large and to non-profit organizations, but that they have little or no knowledge of organized philanthropy. After discussing how entrepreneurs differ from other donors, Ms. Dietlin concludes that new efforts to educate entrepreneurs about philanthropy, as well as new fund-raising methods tailored to their circumstances, are needed.

For a copy of the paper, send $25 for copying and mailing expenses to Lisa Dietlin, Assistant Dean for Development, University of Illinois, College of Business Administration, 601 South Morgan Street, Mail Code MC075, Chicago 60607; (312) 355-4217; e-mail: *ldietlin@uic.edu*.

▸ **Exploring the Entrepreneur's Perception of Foundation Creation and Management,** by Nancy Upton, reports the findings of a three-part study conducted for the Center for Entrepreneurial Leadership at the Ewing Marion Kauffman Foundation, in Kansas City, Mo. The first part provides an extensive list of resources—national and regional non-profit organizations, publications, and companies—that entrepreneurs can turn to for assistance in creating charitable foundations. The second part describes in-depth interviews with 19 entrepreneurs who had decided against setting up a private foundation, were in the process of creating a foundation, or had recently formed one. The final part of the study describes additional interviews with entrepreneurs to learn more about their reading habits, interest in philanthropy, and perceptions of private foundations. The author concludes with several recommendations on how to promote philanthropy and the creation of private foundations among entrepreneurs.

To obtain a copy of the study, contact Nancy Upton, Ben Williams Professor of Entrepreneurship, Baylor University, P.O. Box 98006, Waco, Tex. 76798; (254) 710-4155; e-mail: *nancy_upton@baylor.edu*. Copies sent by e-mail are free; for each paper copy, send $5 for postage and handling.

▸ **Giving Back,** a 45-minute videotape produced by the Ewing Marion Kauffman Foundation, is an effort by the fund's leaders to tell entrepreneurs like themselves how to set up a private foundation. It features leaders of the foundation, including the founding donor and entrepreneur, Ewing Marion Kauffman, who was filmed before his death in 1993. Mr. Kauffman, who made a fortune by starting Marion Laboratories, a pharmaceutical manufacturing company, and other leaders of the fund provide advice about common concerns that wealthy entrepreneurs have when they decide to create a charitable fund, such as how and whether to involve family members in its management and operation, how to insure that the founder's wishes for the fund's operation are carried out after his or her death, and how to pick a good group of board members and outline their responsibilities.

To obtain a free copy, contact Pamela E. Kearney, Manager of Communications, Ewing Marion Kauffman Foundation, 4801 Rockhill Road, Kansas City, Mo. 64110-2046; (816) 932-1046; e-mail: *pkearney@emkf.org*.

▸ **Giving Back, the Silicon Valley Way: 1998 Report on Giving and Volunteerism in Silicon Valley,** by the Community Foundation Silicon Valley, describes a five-part research project in the northern California region that has become home to many high-technology companies. The results are based on a survey of average and high-net-worth households, a survey of corporate giving among Silicon Valley companies, and interviews with 14 wealthy entrepreneurs and community leaders.

To obtain the 34-page report, contact the foundation at 111 West St. John Street, Suite 230, San Jose, Cal. 95113-1104; (408) 278-0270. The report is also available on the foundation's Web site at *http://www.cfsv.org*.