

**Palo
Alto**

Vol. XXVIII, Number 19 • Wednesday, December 13, 2006 ■

Weekly

www.PaloAltoOnline.com

**Boy recovering from
vicious dog attack**
Page 3

The new philanthropists

They're young,
business savvy
and willing
to help the
charities
they fund.
Page 24



Norbert von der Groeben

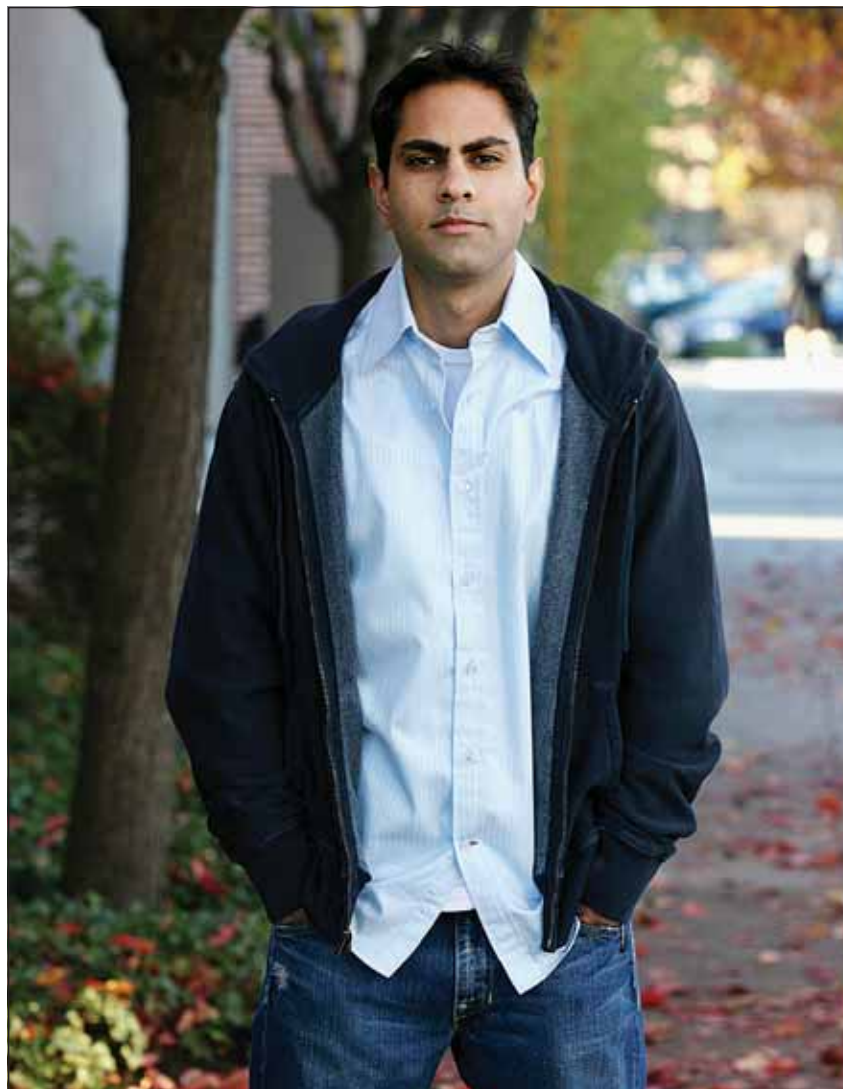


Talk about the news at Town Square, www.PaloAltoOnline.com

- **Upfront** Superintendent: Retirement not linked to district woes **Page 3**
- **Health & Fitness** East Palo Alto nonprofit advocates for the deaf **Page 28**
- **Sports** Palo Alto football team plays for state championship **Section 2**



Olana Hirsch Khan, 31, formed a family foundation to invest in social issues abroad and locally.



Ramit Sethi, 24, started a scholarship fund this past year to help young entrepreneurs get their start.

The new face of philanthropy

Young, entrepreneurial philanthropists leave their mark here and abroad

Story by Molly Tanenbaum. Photos by Norbert von der Groeben.

At age 31, Olana Hirsch Khan already has her own foundation. Early employment at Google has enabled Khan and her husband Zain to become philanthropists in a fashion once reserved for wealthy retirees. They donate money, sit on nonprofit boards and volunteer.

"We were given the chance to really give back," she said. "We feel like there's so much we can do, being privileged in America."

Khan, a Palo Alto resident, left Google in August after six years overseeing the international sales team. Now she devotes herself fulltime to nonprofits and

personal philanthropy.

Organizations with missions that hit close to home for the couple naturally got their first donations. Khan, an adoptee from Thailand, and her husband, who grew up in South Africa during apartheid, chose agencies providing relief work and services to women and orphans around the world. One is Palo Alto-based Project Baobab, which helps Kenyan women become educated entrepreneurs.

issues, both internationally and locally.

In addition to her philanthropy, Khan works fulltime as chief operating officer of an online microlending nonprofit, Kiva, which helps small business owners in developing countries get their start. She also donates 10 hours per week to consulting with nonprofits on how to operate like businesses.

"I really feel like I'm kind of at the center of this new field in nonprofit work," Khan said.

Young philanthropists like Khan and her husband are becoming more common in Silicon Valley, a region already known for its generosity.

Peter Hero, a longtime philanthropy executive, has observed the shift: Donors are getting younger — and more involved, he said.

"There are more young philanthropic leaders who speak up about their philanthropy and their giving in ways that weren't the case in 1988 when I began," said Hero, who will step down as CEO of Community Foundation Silicon Valley when it officially merges in January (continued on next page)



Peter Hero, outgoing president of Community Foundation Silicon Valley.

"We were given the chance to really give back. We feel like there's so much we can do, being privileged in America."

— Olana Hirsch Khan, philanthropist and former Google employee

"I know as an adopted child, education was the key to my success," Khan said.

The couple's foundation has since branched out to a broader range of social



Anna Alioto, 41, joined SV2's environmental affinity group in September to take an active role in how her philanthropic donations were administered.



Laura Arrillaga, 36, founded Silicon Valley Social Venture Fund, or SV2, in 1998 to address the changing desires of philanthropists in the area.

(continued from previous page)
with Peninsula Community Foundation to form the \$1.5 billion Silicon Valley Community Foundation.

With the younger Silicon Valley philanthropists, one thing is clear: Simply giving money is not enough.

Younger donors are fully invested in their contributions, seeking to apply their business savvy and expecting to see quantifiable outcomes from the organizations they fund. They also view their contributions as social investments. For them, the lines are blurring between for-profit and nonprofit ventures.

"They want to see measurable results. Often, the donors are very hands-on. They'll go and serve on the board of a nonprofit they're funding," Hero said.

These givers follow in the footsteps of such major tech philanthropists as William Hewlett, David Packard, Jeff Skoll and, of course, Bill Gates.

"That \$1,000 is way more effective than giving \$20 here and \$20 there. For younger people, \$1,000 means a lot."

— Ramit Sethi, 24 year-old entrepreneur and philanthropist

Through his global philanthropic behavior with the Gates Foundation, the Microsoft mogul has set the bar high for engaged giving, according to Stan-

ford University professor Jim Phills, who teaches philanthropic leaders through the Graduate School of Business.

"They're writing big checks at a younger age," Phills said. "They may have more time on their hands because they sold their company."

Philanthropy is not just for multi-millionaires. Ramit Sethi, a 24-year-old entrepreneur, wants to get an early start investing in other young innovators, in order to have a greater impact.

"I could give \$100 to a soup kitchen, but the really big return for me won't come from that," Sethi said.

This past year, the co-founder of PBWiki and author of the personal finance blog, "I Will Teach You To Be Rich," set up a scholarship fund. The \$1,000 award will be handed to one student per year who demonstrates a passion for entrepreneurship.

"That \$1,000 is way more effective than giving \$20 here and \$20 there," the Mountain View resident said. "For younger people, \$1,000 means a lot."

It will mean a lot for Sethi, too. While funding and mentoring his scholars, Sethi hopes that, eventually, his philanthropy will result in a network of talented young innovators — people he could someday hire.

"It's not to make me feel good. It's to get some kind of measurable change and help them along in their careers," he said.

The new business mindset — not just the soft-hearted open wallet — is a com-

mon trait for the new generation of philanthropists.

"The new wave of entrepreneurs and business leaders who have accumulated tremendous wealth in the dot-com boom that characterizes Silicon Valley have really explicitly wanted to bring their entrepreneurial zeal and their business skills to bear on philanthropy," Phills said.

Analogies to venture capitalists and stock-market investors have begun to permeate the language of philanthropy.

Hero likened Silicon Valley charitable gifts to investing in the stock market. Through increasingly popular donor-advised funds through community foundations or financial management companies like Charles Schwab or Merrill Lynch, philanthropists are choosing to diversify their gifts.

"Their grants to Stanford are the blue-chip stocks, and the grants to address certain issues like foster children are the mutual fund," he said. Donors are also making higher-risk investments in brand new nonprofits.

Khan views her foundation in the same way.

"We try to run it like it's an investment portfolio," she said. "Our general investment strategy is looking at basic business principles and looking at the social impact."

Increasingly, philanthropic exchanges are seen as two-way streets where both the donors and the recipients can benefit. Google.org and the Redwood City-based Omidyar Network (founded by e-Bay founder Pierre Omidyar) are two examples of hybrid philanthropic efforts

to finance both for-profit and nonprofit entities.

Investing in a mix of companies and nonprofits can enable philanthropists to leverage profits from one into donations for the other. Omidyar Network's long list of fund recipients includes a diverse range of investments from the Center for Public Integrity and the American India Foundation to Meetup.com and Socialtext.

"It's not just about writing a check but taking one's knowledge capital and human capital to maximize the ultimate impact."

— Laura Arrillaga, founder of the Silicon Valley Social Venture Fund, SV2

Khan plans for her foundation to follow suit.

"We're happy to invest in for-profit companies if there's a social benefit," she said.

Laura Arrillaga observed the natural attraction between Silicon Valley and philanthropy as venture capital — or "venture philanthropy" — which is how she came to found the Silicon Valley Social Venture Fund, commonly known as SV2, in 1998.

(continued on page 26)

Philanthropy

(continued from page 25)

"It's not just about writing a check but taking one's knowledge capital and human capital to maximize the ultimate impact," said Arrillaga, who was 28 when she created SV2.

Since its inception, SV2 has grown from 30 to 160 members and has contributed more than \$2 million to the community.

Operated through Community Foundation Silicon Valley, SV2 allows philanthropists to become directly engaged with social causes while working in groups with other similarly minded donors.

Through SV2, donors become educated on issues like the environment or youth health and decide how to allocate funds — to places like Acterra, YES Reading and Eastside College Prep. They then follow their money, agreeing on a set of desired outcomes, receiving status reports from recipients, and offering their professional skills as consultants.

"There's the highest level of oversight," said Arrillaga. "If our grantees fail in their particular aspirations, then we have failed as an organization. It's a shared onus in a way that writing a check is not."

"You're not just writing a check to the Red Cross and there you go. You're deciding where you want the money to go and you go into the organization and ask, 'How can I help you?'"

— Anna Alioto, SV2 partner

SV2 member Anna Alioto, 41, said she has found her involvement to be



Emmett Carson, 46, CEO of the newly formed Silicon Valley Community Foundation, brings to the Bay Area 12 fruitful years as head of the Minneapolis Foundation.

more enlightening and absorbing than her past work as a fundraiser. After helping raise \$415,000 for the Leukemia and Lymphoma Society, Alioto joined SV2 in September to become more involved in how her donations were spent.

"I liked the model. It's not so much charity; it's philanthropy," said Alioto, who lives in Menlo Park and works as development director of Hidden Villa, a 1,600-acre farm and wilderness preserve in Los Altos Hills.

Alioto joined SV2's environmental af-

finity group because of her concern about the meat industry. Through guest speakers who come to teach SV2 grantmakers, she has already learned about other issues related to land use, green building and manufacturer responsibility.

"In a charity, the fundraisers I'm dealing with are educated, but they're not experts in their field," she said. "This gives you more of an education."

Arrillaga said she purposely formed SV2 with a similar structure to high-tech companies in Silicon Valley to feel natu-

ral and comfortable for participants.

"Everybody who joins is an equal partner," she said. "It's not about what you've already accomplished in your career."

The minimum annual individual donation is \$2,500, but SV2 partners also act as consultants to nonprofits.

For Alioto, that means offering her event-planning skills. For other SV2 partners it may mean Web development, graphic design, public relations or whatever else is needed.

(continued on next page)

A foundation for the next era

Silicon Valley Community Foundation, worth \$1.5 billion, to tackle regional issues, new chief says

by Molly Tanenbaum

Philanthropists in Silicon Valley will have a new community foundation to help guide their charitable-investment decisions come Jan. 1, 2007.

That's when both the 52-year-old Community Foundation Silicon Valley and the 42-year-old Peninsula Community Foundation will merge and their offspring, Silicon Valley Community Foundation, will span San Mateo and Santa Clara Counties, from Daly City to Gilroy.

The merged foundation, with \$1.5 billion in assets, will be one of the largest community foundations in the country. It will have 1,400 philanthropic funds and a combined \$144 million unrestricted endowment.

"That kind of organization should be able to make a greater social impact than each organization separately," said Peter Hero, who will leave his post as

CEO of Community Foundation Silicon Valley on Jan. 1 to become a senior advisor to new CEO Emmett Carson.

The boards of each foundation voted in July to merge after discussing the possibility for 15 years. Yesterday, the 18-member board of the new Silicon Valley Community Foundation was expected to cast its final vote to approve the new entity.

"So many issues really cross the borders of both counties," said Vera Bennett, who will be CFO of Silicon Valley Community Foundation after serving as interim CEO of Peninsula Community Foundation for the past year. "We have more of an opportunity to have an impact on those issues and to coordinate them across both counties."

Motivations for the merger included greater competition for donor dollars from financial institutions like Fidelity and Charles Schwab; the growing complexity of government regulations

of nonprofits; and the changing needs of donors who seek more active engagement with their contributions.

Carson, 46, comes to the Bay Area after 12 years of heading the Minneapolis Foundation, which increased its assets from \$186 million to \$600 million during his tenure.

"There are some things that are starting to emerge that are suggesting to me that the idea of this new foundation — thinking regionally and acting locally — is the right way to go," Carson said.

His vision for Silicon Valley Community Foundation is to promote a shared responsibility for regional issues that affect each city.

For example, he said, when it comes to state funding for education, "We are all unfairly penalized by a systematic financing system that doesn't take into account what we have to deal with. No one community can solve that problem."

The same approach applies beyond education, to regional transportation, homelessness, poverty and healthcare.

Since the July vote, both parent foundations have spent the past five months internally working out the logistics of the merger — choosing Carson as CEO, designing a new logo, building a new Web site and setting up a new 110-person staff structure.

The new foundation is also in search of new headquarters, which need to include ample community conference space. The office will likely be located in Palo Alto, East Palo Alto, Menlo Park or Mountain View, spokeswoman Michelle McGurk said. ■

Palo Alto Weekly publisher Bill Johnson, formerly a Community Foundation Silicon Valley board member, is now on the board of Silicon Valley Community Foundation.

Staff Writer Molly Tanenbaum can be e-mailed mtanenbaum@pawebly.com.



SV2 members (from left to right) Mikal Greaves, Anna Alioto, John Dawson and Arthur Keller converse at an environmental affinity group meeting in late November.

(continued from previous page)

"You're not just writing a check to the Red Cross and there you go. You're deciding where you want the money to go and you go into the organization and ask, 'How can I help you?'" she said.

The advantage of Silicon Valley donors is that they "are willing to try new things and invest in them and are willing to fail."

— Emmett Carson, CEO of the new Silicon Valley Community Foundation

The venture-capital metaphor, however, is not perfect.

Emmett Carson, the new CEO of the merged Silicon Valley Community Foundation, which will have 1,400 philanthropic funds and 110 employees, sees some flaws in the analogy.

"The advantage of Silicon Valley donors," said Carson, who led the Minneapolis Foundation for 12 years, is that they "are willing to try new things and invest

in them and are willing to fail."

Where the venture-capital approach to philanthropy falls short is when programs must be funded for the long haul, he said.

Unlike with companies that venture capitalists invest in, Carson explained, "in the nonprofit sector, there's nobody to buy you out once it works."

"Everybody wants to be on the great-new-idea side. Few people want to be on the it's-great-it's-working-it's-effective side," he added.

And unlike with venture-capital investments, success in nonprofits may not be easily quantifiable. Without the measurable outcomes that many Silicon Valley donors expect, how can they know their money is being spent wisely?

"Is the society less racist? Are immigrants treated to full access to the law?" Carson asked, giving examples of social issues that can be difficult to measure.

In his first month on the job as CEO of what is now one of the largest community foundations in the country, Carson already sees room for improvement in Silicon Valley philanthropy, mainly in how — or whether — individuals see themselves as part of the larger community.

The entrepreneurial attitude toward giving is not enough, Carson said.

"I see tremendous opportunity from people who are generous, tremendously willing to innovate," he said. "What I have yet to see in the first 30 days is an understanding that quality of life (for various segments of society) is as equally interconnected to each other as our quality of life is attached to the tech industry."

"They don't yet take a regional perspective to their philanthropy," he added.

Carson hopes that the wide reach of the new foundation — from Daly City all the way to Gilroy — will enable philanthropists to take hard looks at regional policy issues like education, health care and transportation.

"We do not yet understand that what happens next door has an impact on the quality of life that you have," he said. "There are other communities that may understand that link better."

Through the merger of the two major community foundations, this regional perspective may come with time.

But in the meantime, young Silicon Valley philanthropists continue to apply their unique knowledge and entrepreneurial zeal to the societal issues they undertake.

And greater involvement in social

causes leads to more giving, experts point out.

"The more engaged a person becomes, the more informed a person becomes about how their resources can make a difference, and the more willing they are to give," Carson said.

Being in the position to address global inequalities that touch them personally has motivated Khan and her husband to do even more with philanthropy.

"There's a tremendous satisfaction from giving back in general, but certainly with the situations we came from, being able to help pay for the school education for someone who might have been like me and didn't have the luxury I did of being adopted and coming the United States . . . I feel blessed that we have enough financial support that we can help others," she said.

"We realized there are so many people and places in the world that we might not be personally affiliated with that needed our support," she added.

Khan would not disclose the net worth of her foundation, but the business woman said: "We have funded it to make sure that, for many generations, it can continue to give and be able to help people in this community locally and also abroad." ■

Staff Writer Molly Tanenbaum can be e-mailed mtanenbaum@paweb.com.