

Laura & Gary Lauder Philanthropic Fund

A donor-advised fund at the Jewish
Community Endowment Fund



A Thirteen-Year Retrospective

Our family created the Laura and Gary Lauder Philanthropic Fund (LPF) in 1995 to pursue the mitzvah of tzedakah, or righteous giving. The Torah commands us to be philanthropic, and we feel significant responsibility to give back to our community and do our small part in making the world a better place. This is a huge challenge; there are so many desperately important problems.

This review is the philanthropic journey of our young family trying to act on the values that we hope to transmit to our children. We know many other families are also struggling with how to get started. We have documented our journey so that others may avoid our mistakes and gather the courage to attempt their own philanthropic expedition. Along the way, we have learned invaluable lessons from philanthropists before and alongside us. We are grateful for their wise counsel.

After 13 years of grantmaking, we took a cursory look at our philanthropic giving totals, and came to some startling realizations.

First, we didn't realize the extent of some of our giving patterns. For example, a monumental 50% of our grants was given to help build buildings. Yes, capital grants are critical to build a community, and building Jewish life is one of our top priorities philanthropically. So we were just in time: As we were scaling up our philanthropy, the most extraordinary building boom was happening within the ten mile radius of the Palo Alto Jewish community. More than \$325 million was raised and invested in these magnificent new facilities to help our children and the entire community learn and grow. Examples include:

- *The Gideon Hausner Jewish Day School raised and built a \$25 million campus after selling the old campus for \$10 million.*
- *Kehillah Jewish High School built a \$10 million campus.*
- *A new Jewish Community Center broke ground in 2007 on a \$150 million facility.*
- *A new \$150 million Jewish retirement home is going up next to the JCC.*

- *Congregation Beth Am, the largest Reform temple in our area, built a \$3 million expansion.*

All of these projects were very important to us. Of course, we couldn't help as much as we wanted to, but we are proud that we helped as much as we could at the height of the Jewish community building boom. Now, having (barely) survived the seemingly endless solicitations, suddenly we have to face new choices about how to reprioritize our giving in other areas.

Our second "a-ha" was that the 50% of our grants that were not capital over the past 13 years were program and operating grants. However, we made so many small gifts—to more than 400 charities a year—that we had little impact on any of them. In the programmatic area, we had to change to be more strategic. We needed to shift focus away from capital giving, and make our programmatic grants more strategic. We needed help.

We hired an organizational consultant Robyn Lieberman in 2005 to review our previous 10 years of philanthropic giving. She helped us articulate our family's values and hone a strategic mission for the future. From there, we worked to create an operational framework for LPF in alignment with our mission. We have taken small steps over time: Last year, we created "buckets," or categories, for grants consistent with the Fund's mission. We made only 80 grants and limited our "relational" giving (to friends' causes outside of our mission) to less than ten percent of total grants. The process has been cathartic and refreshing; and we realized it's never completely finished. We are constantly refining our philanthropic focus as issues change, but we try to maintain a careful, strategic focus so we can achieve real impact.

We have deep appreciation for both Robyn and Phyllis Cook (my "rabbi" and mentor,) and to the adept staff at the Jewish Community Endowment Fund. Our philanthropy would not move forward and grow without them.



THE EARLY YEARS: PHILANTHROPIC INCLINATIONS AND GOOD INTENTIONS

Philanthropy starts in the kishkes (the “gut”), then it blossoms in a time and place. My first recollection of a significant gift was in 1986: an ambitious \$5,000 to UJA-Federation. It was ten percent of my net earnings that year, and I was apprehensive about how I would pay it off over the course of the year. This first grant set a high bar for future stretching in charitable giving.

The following year, I met Phyllis Cook, then-director of the Jewish Community Endowment Fund (JCEF.) Over the years, Phyllis became my teacher and mentor on strategic philanthropy and supporting the greater community. In 1991, I opened a donor-advised fund at the JCEF, which distributed a total of \$8,000 to five non-profits in its pilot year. Two of these non-profits, the Israel Tennis Centers and the American Jewish World Service, are organizations I have supported ever since, and spent many years serving on their boards. The \$5,000 “Lion of Judah” gift to the Jewish Community Federation remained my single largest gift that first year. The Federation continues to be a top priority for our giving because it adds value to the community and to donors. We make all of our grants through the donor-advised fund that we established in 1991 at the Federation’s JCEF. This is the Lauder Philanthropic Fund. The JCEF is our home for philanthropic strategic advice and for recommendations for projects that fit our mission.



“Laura and Gary’s model of philanthropy is attractive and accessible for young and old, new and experienced donors. It involves spinning out new ventures, involving other donors at the outset, and lending energy, financial acumen and leadership in addition to money.”

Phyllis Cook

Establishing Guiding Principles

In 1995, one year after Gary and I were married, the Fund began to grow more substantially. To deal with these changes, we established three guiding principles of the Fund:

- To express the deep charitable traditions inherited from our families, the Hellers and the Lauders;
- To continue the communal imperative of *tikkun olam*, “repairing the world,” we inherited as Jews; and
- To understand philanthropy as a lifelong responsibility and challenge, changing and evolving with the demands of the times.

Phyllis guided us in thinking about our philanthropic identity. She posed questions such as, “What values do we want to transmit through our Fund?” and “What is the specific role of younger donors in creating the community we want to live in?”

It was exciting and, at the same time, nerve-racking. We had to think long and hard about our values, which led us to establish our priorities.

We soon determined that our highest priority was to create a nurturing, values-based community in which to raise our children. We also understood that building that community required not only our funds, but also our time. Phyllis further enlightened us that the primary role of philanthropy was to invest in the future. We realized the institutions that create enriching community programs were paramount.

These imperatives pointed to umbrella giving to the Jewish Community Federation because it provided leadership, accountability, sustenance, and volunteerism to the community. (The Federation is the third largest recipient of all LPF donations, receiving nine percent of our total giving over the past 13 years.)

Top Ten Recipient Organizations Including Capital As Percentage of Total Giving, 1995-2007

Gideon Hausner Jewish Day School	27
Taube-Koret Campus for Jewish Life	10
Jewish Community Federation	9
DeLeT	9
Aspen Institute, including The Socrates Society	5
Exploratorium	3
JCC Palo Alto Capital Campaign for pre-school	2
National Public Radio	2
Congregation Beth Am	2
Jewish Education Service of North America	1

The 80/20 rules.

The JCC and Hausner Jewish Day School grow, thrive, and inspire other grants

The immediate needs in our local community were crying out. Around the time our children were born in the mid-1990s, the Jewish Community Center (JCC) and the local Jewish day school (The Gideon Hausner Jewish Day School, or Hausner) were poised to move from “good” to “great.” In order to do so, they undertook significant capital campaigns to establish physical permanence and assume the professionalism of key institutions of the Jewish community. These institutions embodied all our values and passions, and we wanted to significantly support both institutions with our time and resources.

We made a series of significant grants to the Campus for Jewish Life (which included the JCC) in Silicon Valley, accounting for nine percent of the Lauder Philanthropic Fund’s total giving over 13 years. The new JCC raised \$140 million and broke ground in early 2008. The volunteers who led this amazing campaign are great heroes to us: Carol Saal, Neill Brownstein, and Jim Koshland, among others.

The bulk of our time and philanthropy went toward Hausner, where our children attend elementary school. In 1997, I assumed leadership of the school’s capital campaign while pregnant with our second child, Eliana. As my friend and school president commented, “Sometimes the timing of when the community needs you most doesn’t coincide exactly with when you are most ready.” It was a rewarding—and extremely challenging—three-year campaign. My fondest memory is when Eliana was just nine days old, and I participated in the Federation Endowment Committee meeting to make the first \$1 million grant to a Jewish day school

campaign. Immediately after the vote, from which I abstained, I rushed out of the meeting, exuberant, to breast-feed an impatient Eliana in one of the small meeting rooms across the hall. A future student was starving! The scene epitomized the fine balance between philanthropy as a professional pursuit and a personal, sometimes messy passion.

Hausner has been the recipient of almost 30 percent of LPF funds, over 90 percent of which have been capital grants. At the same time, the educational excellence and focus on growing and promoting leadership at Hausner have spawned other investments in Jewish education and leadership development.

For instance, we allocated \$250,000 to the Jewish Community Endowment Fund to create the Jewish Day School Scholarship Fund, as well as \$125,000 to create the Teen Philanthropy Professionals Fund. Both projects emerged from positive experiences with Hausner. Both were set up at the JCEF, where we knew that expertise and accountability would be assured.

In 2001, a fellowship for Jewish day school teachers called DeLeT was launched. It became LPF’s single largest program grant of more than \$1 million, receiving nine percent of total funding over six years (see article, page 8.) This program marked the first foray into venture philanthropy, and was also inspired by the educational excellence at Hausner.

Top Ten Recipient Organizations Excluding Capital, 1995- 2007

1. DeLeT
2. Jewish Community Federation (annuals and programs)
3. Aspen Institute (programs and endowments)
4. Gideon Hausner Jewish Day School (annuals and programs)
5. JCEF: Jewish Community Day School Scholarship Fund
6. National Public Radio
7. Exploratorium
8. Jewish Education Service of North America
9. Albert L. Schultz Jewish Community Center
10. Breast Cancer Research Fund

Top Ten Grants as a Percentage of All Grants



LPF concentrated 76% of its funding in its top ten organizations

Executive Summary Conclusions:

Overall, there have been attempts to strike a balance between capital and program grants; current needs and investments in the future; and passionate involvements and community responsibilities. These statistics tell our story:

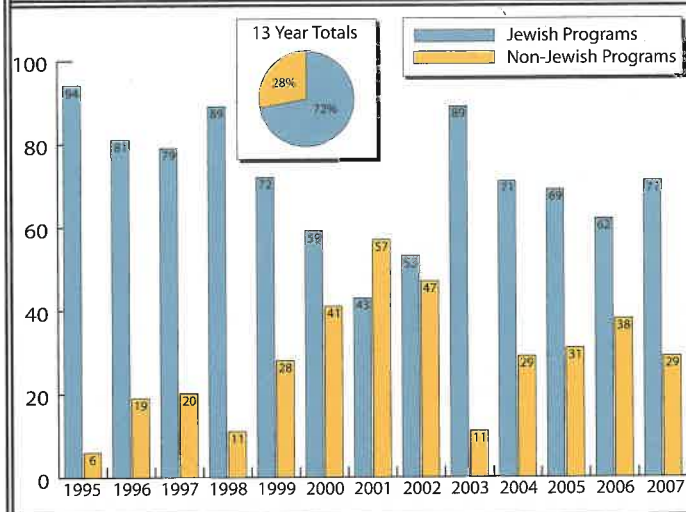
- LPF distributed close to \$12 million to 423 organizations from 1996 through 2007.
- LPF dedicated 72 percent of its total giving to Jewish communal and educational needs, locally and nationally.
- The remaining 28 percent has been invested in the general community because we view the Jewish tradition as humanistic and generous, and because our own experiences as citizens engage our passion for social justice.
- Capital contributions were half of the Fund's total giving; general and program grants made up the other half.
- Twelve percent of grantmaking was directed toward self-initiated programs, while over 50 percent of personal time was dedicated to these programs.
- LPF allocated 70% of its funding in the Bay Area; 25% to national programs; and 5% in other regions in Aspen, Israel, and internationally.
- LPF gave 75 percent of all funding to its top ten grantees in any given year. This exemplifies the diligent focus of the majority of the funds.

In our review, we discovered some patterns we hope to eliminate in our future philanthropy. They include:

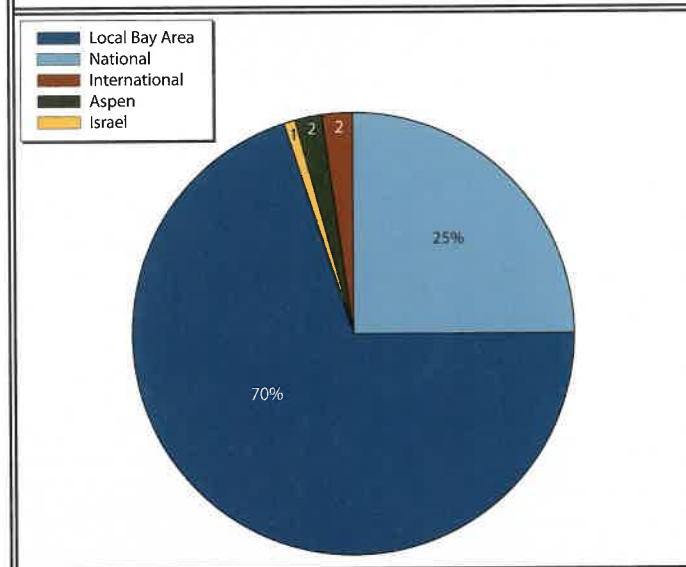
- An unhealthy amount of relational and impulsive gift giving. Of our 1,100 grants, 70 percent of grants were allocated in amounts of \$1,000 or less.
- Being "overly impatient" with some short-term grants. We cut off continued funding of grants that could have succeeded with ongoing support.
- Re-granting small amounts to the same groups year-in and year-out without measured results.
- Failure to make an impact in a specific area of dire need because of an overly broad definition of one of our "buckets": "social justice."

It has been a tremendous journey so far, and we are excited about the future. We aim to practice *tikkun olam* in a way our children will be inspired to follow. Our inherited traditions hold a special meaning for us. For example, my maternal grandfather, Paul Heller, chaired the 1944 Jewish Welfare Campaign in Canton, Ohio. Gary's parents, Evelyn and Leonard Lauder, have dedicated their lives to the arts, health care, and the Jewish community in New York.

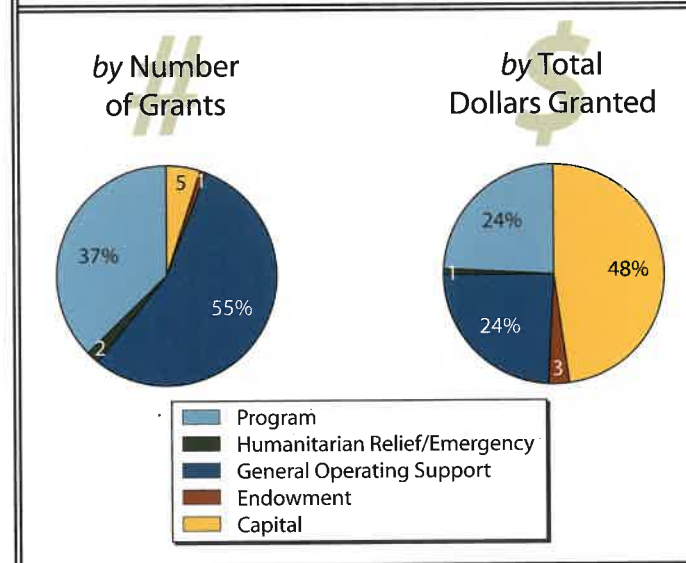
Jewish vs. Non-Jewish Percentage of Giving, 1995-2007



Grant Location Over 13 Years



Grant Type Over 13 Years





THE NEXT CHAPTER

As our giving evolves, so must our strategies. The decisions about charitable contributions are as difficult as those made in business. They require clarity and demand diligence, evaluation, and objective review. Indeed, discipline, thoughtfulness, and imagination only strengthen philanthropy.

Looking forward, we plan to use the following guidelines:

- **FEWER CAPITAL GRANTS.** Although major capital investments were required in the past to build the infrastructure of the Bay Area Jewish community, most of those needs have been met. We do not anticipate many significant capital grants to Jewish institutions in the future.
- **MORE PROGRAM ENDOWMENTS.** Under competent management at appropriate institutions, endowment programs are powerful tools to achieve meaningful, long-term impact. (One example: the Socrates Society of the Aspen Institute.)
- **PARTNERSHIPS.** We learned that LPF grants are most effective as part of collaborative efforts in the early stage of development, which require our personal leadership and full complement of resources and networking. (One example: DeLeT.)
- **MEASURED RISK TAKING.** While taking risks is an important function of philanthropy, LPF will undertake only ventures it can, and intends to, fully support.
- **PROFESSIONAL SUPPORT.** Our grants were most successful with the guidance and support of professional staff and lay leaders from experienced institutions.

These observations helped us develop the following **theory of change** to inspire our funding choices:

When launching effective solutions, private individual funders can often work more efficiently than institutions can on their own. These funders work best when they have a clearly defined project, lend their personal leadership to the effort, have the support and guidance of the staff and board of an institutional home, and have viable alternatives for an effective exit strategy after a defined time.

This careful vision of our strategic philanthropy enabled us to craft a **mission** statement for LPF over the next 10 years:

The founding principle of the Lauder Philanthropic Fund is that highly motivated, high-achieving individuals, and educators in particular, can inspire more people to

pursue tikkun olam—repairing the world—as defined in the Jewish tradition.

When we make program grants for new initiatives, we engage in entrepreneurial, venture philanthropy in order to strengthen progressive leaders and organizations that promote and inspire social justice. In making these strategic operating grants, the Fund prioritizes allocations that leverage existing institutional resources to catalyze organizational excellence and social change.

Our **key areas of funding** are:

- Leadership development programs
- Jewish day school education
- Jewish community institutions in the San Francisco Bay Area and Aspen, CO.
- Social justice

Our preferred **grantmaking strategies** are:

- Entrepreneurial, strategic initiatives created by LPF
- LPF programs within existing organizations
- Endowments for mission-related programs
- General operating and program support for key institutions in the LPF's fields of interest

Although we narrowed LPF's **operating field** primarily to the San Francisco Bay Area and Aspen, Colorado, we will continue to collaborate with national programs addressing American Jewish life.

Our work is only made possible by the strategic thinkers, donors, and activists in our community. We are privileged and humbled to work with so many bright lights who give our young family the opportunity to contribute. We hope our story adds to the bank of knowledge for other young families navigating a road map for philanthropic strategy.



Gary and Jim Woolsey, former CIA Director, at the Aspen Ideas Festival, Aspen Institute, 2007.



INVESTING FOR VALUE: EXPERIMENTS IN VENTURE PHILANTHROPY

Venture philanthropy is a term of art in today's discussions of community engagement and social change. What is venture philanthropy? How does it differ from charitable giving, conventional grantmaking, or general "hands-on" philanthropy? Why is it attractive to emerging philanthropists like us, people in their thirties and forties, passionate about making the world a better place?

Like many donors, we respond to a multitude of requests to sustain important organizations. We feel responsible to support the San Francisco Jewish Federation as the backbone of the Jewish community, as well as our local hospitals, homeless shelters, children's science museums, the Jewish Community Center, and Gideon Hausner Jewish Day School, our children's wonderful K-8 school. Charitable giving in the form of unrestricted operating support for existing organizations is an essential component of any philanthropist's portfolio. However, for causes and organizations that engage our passions and advance our foundation's mission, operating grants are just one of the contributions we can make. When making grants, we try to develop a philanthropic model that leverages professional and personal resources so the grants actually catalyze change.

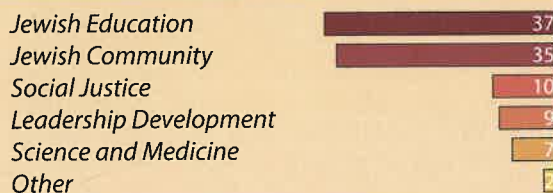
We bring to our philanthropy the thinking and attitudes of venture capitalists. This means investing in and supporting great leaders and managers. Part of supporting research and development in hi-tech is taking risks in small, unproven businesses. This exposes what works

and what doesn't. Similarly, the purpose of venture philanthropy is to inspire innovation, which requires risk, in order to solve social challenges in our communities. In the end, it's all about supporting the people who run these innovative and risk-taking programs and institutions.

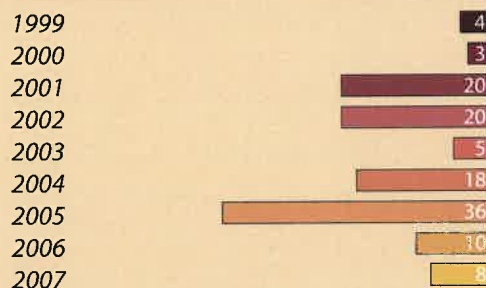
Venture philanthropy offers the following advantages:

- Donors who provide financial, managerial and political support
- Donors who provide connections to key leaders in the community
- A laser-like focus on discrete goals
- An impatient, accelerated time frame
- The ability to work outside of traditional administrative process
- The willingness to take risks and learn in the process
- A commitment to marshal the full resources needed to meet a goal
- A clear exit strategy at the outset that creates a culture of independence and ownership for the new initiative

Percentage of Total Giving by Category, 95-07



*Percentage of Total Giving to Self-Initiated Programs**



Total: 14%

* Self-initiated programs are DeLeT and Aspen Institute Socrates Society



Madeline Albright joined the Socrates Society for a gala, with Esther Dyson and longtime loyal participant Peter Hirshberg

To leverage those benefits, LPF venture grants are structured in the following ways:

- Identify gaps in the chain of providing services to beneficiaries
- Create market-oriented solutions based on supply and demand
- Test and pilot new ideas
- Tolerate unknowns, and even failure, when searching for innovations
- Conduct due diligence
- Set timetables and measurable goals at the outset
- Assess effective management
- Pool diverse resources and bring key leadership in support of the goals

Two clear examples have emerged from this kind of thinking. In our venture philanthropy, we seek to bring excellence and innovation to complex and vexing problems, such as the shortage of Jewish day school teachers. In line with the Fund's mission to invest in great leaders and leverage existing investments, LPF developed a new initiative called DeLeT- Day School Leadership through Teaching. Hebrew for "door," Delet opens the door



Irshad Manjii is a dynamo Canadian Muslim reformer who led several Socrates Society seminars

to a career of teaching in a Jewish Day School. Delet made particular sense because it leverages our existing capital investments in Jewish day schools and promotes a values-based Jewish education.

The second example falls in line with our mission to develop new, thoughtful, global leaders. The Socrates Society, part of the Aspen Institute, is focused on values-based leadership and attracts a new generation of globally focused leaders.

CONCLUSION

What have we learned from this review of these 13 years?

First, we understand that venture philanthropy is just one approach to strategic giving. It is time consuming, exhausting, and the most rewarding. General operating support can be just as strategic if it's for mission-related programs, and if it supports key leaders. It also takes far less time than the self-initiated, venture philanthropy programs like DeLeT and The Socrates Society. We will continue to combine venture philanthropy with traditional grantmaking in a portfolio of strategies for our long-term giving.

Second, we learned that it is important to be self-reflective. Without critical review of past efforts, we will repeat our mistakes and cannot share the lessons we learn, and our growth potential would not be so dynamic.

Finally, we believe that, despite the time and risks, it is incumbent on us all to follow our passions and help others in ways we can make a difference. The amount of money does not matter; it is ultimately our time that is the most valuable, yet scarcest, commodity. Professionals and lay leaders need a variety of resources to execute the monumental missions we seek to accomplish. When we use our resources efficiently and effectively, we can succeed in making our communities — and our world — a better place.

THE STORY OF DELET: BUILDING DAY SCH

Throughout the 1990s, there was a growing demand for more progressive Jewish day schools in the United States. The number of non-Orthodox Jewish schools increased from approximately 50 in the 1980s, to more than 200 in 2000. The Partnership for Excellence in Jewish Education (PEJE) and the Avi Chai Foundation responded generously to this renaissance in education. Once the Jewish day schools were built or expanded, the next pressing need became clear: a shortage of top-notch teachers to lead—and animate—these well-resourced classrooms. The schools refocused on their need to increase the number and quality of these teachers and to retain them for longer, while elevating the prestige of the profession.

We were passionate about this issue, so we wanted to think creatively about how to address the problem. Based on the goal of recruiting and retaining quality teachers, we convened a group of leading thinkers on Jewish education in order to create strategies.

Several important strategies emerged:

- Create a prestigious, selective, intensive fellowship to recruit and train new teachers
- Provide mentorships by master teachers for fellows to learn from
- Encourage these master teachers to continue teaching
- Add to the prestige of the program by offering generous stipends for fellows and mentors

The first step was to conduct due diligence. In 2001, an expert researcher thoroughly reviewed the structure, curriculum and outcomes of past teacher preparation programs. We also looked to Teach for America as a successful model: the program enjoyed some 16,000 applicants in 2005 who sought teacher positions in underserved school districts, 2,000 of which were selected to join. We wanted to learn how to build a successful program like TFA, and additionally, we heard that 30 percent of those applicants were Jewish. How could Jewish day schools leverage this passion to teach? Could we create a Jewish Teach for America? What would the program look like?

The researcher confirmed in his report that retention was a key issue. Many new teachers left the field within three years, often because of lack of support and training. We concluded that in order for Jewish day schools to train and retain able teachers, there needed to be a full one-year training program under mentor teachers. We were willing to bet that a program like Teach for America, plus a longer and more intensive preparation program, was worth piloting. It also came at a significantly higher cost. Would the higher cost be worthwhile? It was a risk we had to take.

The next step was to put these ideas into a functional

program. After surveying the organizational and political environment, our options were to create a Masters program at a Jewish university, to offset tuition costs for students interested in Jewish education, or to fund recruitment and professional development strategies for existing programs.

We were not confident that such grants would resolve the underlying systemic problems causing the shortage in Jewish day school teachers. We were committed to a strategic goal focused on recruitment and retention, and we thought venture philanthropy could best achieve it.

Our efforts turned to the universities that were training these teachers. We quickly discovered that university programs are laden with bureaucratic processes that seemed to stifle innovation, and have high costs, sometimes with excessive overhead expenses. The cost of the challenge was more than we could shoulder alone. Our options were limited. We could shape a solution that fit our budget, which would have been practical. But we were idealistic and envisioned transforming the field. Rather than pare down the method, we stayed committed to the strategic goal, and stayed big. To reach that goal, we used a common practice in venture capital: Engaging other donors to collaborate on a solution as large as the problem.

Ultimately, of more than 20 philanthropists that we approached, twelve agreed to fund a three-year pilot, bringing \$3 million to create and test a new, highly innovative program.



"It was valuable to have DeLeT be created 'outside' institutional channels because it gave us flexibility. Everything was basically created from scratch without needing official approval."

Jehuda Reinharz, Brandeis University

The biggest challenge was that universities needed to get the program off the ground in less than six months. Venture philanthropists are terribly impatient!

Simultaneously, we sought out top leaders in the world of Jewish education to design and execute the program. Through recommendations, we identified some of the best and the brightest in the education world: Sharon Feiman Nemser of Brandeis University, and Michael Zelden and Sara Lee of Hebrew Union College in Los Angeles. Jane West Walsh was appointed virtual CEO; she was living in Chicago, and she traveled the country to recruit fellows and partner Jewish day schools. As a team, we worked hard to utilize the earlier due diligence and research to create the program's curriculum based on our vision. The dream was realized in 2002, a little more than six months later.

DeLeT quickly proved to be an effective program. It would have been easy for us to continue funding it with annual

JOL TEACHER-LEADERS OF TOMORROW

operating support. However, our goal was never to create one project we would fund in perpetuity. Rather, as venture philanthropists, our purpose is to support strategic innovations in this field. The group of twelve funders achieved this by launching a two-year pilot of DeLeT. If effective, other donors – or in venture-speak, “the market” – would support its ongoing operations, while our risk capital would move to the next experiment in Jewish education. In this case, we hoped to exit after the first three years, handing the program to the universities to fund and run.

We articulated our intention at the outset; then we had to negotiate a novel administrative structure to manage this venture into independence. The role of each stakeholder was unclear. Philanthropists had to reassure academic experts that professionals would design and deliver the curriculum without donor interference. University officials welcomed the injection of funding, but were required to apply most of it to DeLeT, which dramatically reduced university overhead. Some of the twelve philanthropists wanted to be “hands-on” with the financing, budgeting, management, and politics of the project, but only if the benchmarks of progress were consistently met. After several months, we designed a National Advisory Committee (NAC) composed of donors, university administrators, and education experts to steward the project. The professionals used the funding as needed, but were accountable to the donors to deliver the program within budget and on time.

Some philanthropists opted not to participate on the NAC, but entrusted its six members to manage the process. Accountability and transparency were critical; we held monthly conference calls among the NAC members and created quarterly reports that were sent to the group of funders.

At the end of the first three years of funding, after the first evaluation, the issue of who controlled and owned DeLeT was now at the fore. Donors who had set budgets and expectations did not want to continue funding DeLeT for the next decade and beyond, while the universities did not want to draw from their endowments for a project generated by philanthropists. We recognized that true independence was highly unrealistic after only three years, so most of the original venture philanthropists “re-upped” for a second and final round of capital. This second round of \$3 million was given directly to the universities as a three-year “runway” toward independence. They controlled the use of funds, yet were still accountable to the funders.

This compromise is an interesting study in venture philanthropy and institutional partnerships. The second round of three-year funding was extended to the universities—along with ownership and responsibility for DeLeT. In return, the

universities agreed to retain DeLeT’s proven programatics during that period. At the same time, they had to raise ongoing funding from other sources. They had general freedom to redesign the program within the budget they raised and in accordance with the spirit of the fellowship’s original mission.

Today, these universities have their mandate: To run a productive program. This requires ongoing fundraising and evaluation, which is characteristic of a long-term relationship between the program’s founders and the philanthropists who seeded it. In September 2007, to our delight, the Jim Joseph Foundation announced it would provide significant, ongoing funding of the program at both universities, ensuring the longevity of DeLeT. *Hallelujah!* Our appreciation goes out to the board of this wonderful foundation for this exciting support.

The program still needs permanent funding. Consequently, the lesson is that an exit strategy without a permanent endowment prevents any guaranteed permanence of the original



“DeLeT can serve as a model for tackling some of the vexing problems facing the Jewish community now and in the future.”

David Ellenson, Hebrew Union College /
Jewish Institute of Religion

Laura with two Delet Fellows at Brandeis University

vision

and structure of a program. Securing a permanent endowment has become a joint goal of the universities and DeLeT’s founders.

While risky and frustrating at times, DeLeT’s genesis in venture philanthropy was ultimately very rewarding. We created a value proposition by leveraging core competencies of everyone involved and bypassing the bureaucratic process that was complicating a straightforward solution. We ensured DeLeT’s continuity by housing a high-quality program within established institutions. We enlisted the help of passionate, experienced champions to personally fundraise for the program. DeLeT is expensive; instead of compromising the program by doing it “on the cheap,” much-needed funds were raised to find solutions to the teacher shortage. Extraordinary fellows—real-life people—attest to the program’s extraordinary outcomes. DeLeT is a win-win-win-win for the philanthropists, universities, fellows, and the schools in which they teach. In fact, a DeLeT alumni reunion, planned for March 13-15, 2009, will continue the learning and community building among Fellows.

DeLeT’s output speaks for itself. By 2008, more than 100 Fellows will be teaching with passion and zeal in 20 schools country-wide, whetting schools’ appetites for more. Ultimately, the children—our strategic target—will be inspired students learning the values of *tikkun olam* in the schools our community has built.

SOCRATES SOCIETY: DEVELOPING NEW L

LINKING NEW LEADERS, BUILDING FOR SOCIAL JUSTICE

A personal value we affirmed in our strategic evaluation is continued involvement in some of the extraordinary causes where our families have built a legacy. We are a link in our families' chains. One example is The Aspen Institute. Leonard Lauder, Gary's father, has been on the board of this great institution since 1978. But this is how we got involved in the Institute, not why.

The "why" developed as a result of our passion for values-based leadership training. Our generation often doesn't take time to stop and think about the values behind the fast-paced decisions we are making. We found the Institute to be a refreshing, exciting, and enlightening opportunity to do just that.

The Aspen Institute, founded in 1948, is a compelling think-tank inspiring values-based leadership. The Institute provides executives, community leaders, politicians, and academics various opportunities to examine leadership from personal, social, and ethical perspectives. Gary initiated his involvement in high school and was forever hooked.

In 1993, we participated in the Institute's "Democracy in the Digital Age" seminar, created and moderated by our friend Charlie Firestone. Despite how stimulating and relevant the program was, we felt a glaring gap in its survey of contemporary democracy and civil society. Where was the thinking of the new, young, emerging Silicon Valley community? Where were the younger voices of the people actually creating new technology and filling the internet with content? The younger entrepreneurs conceiving and building dynamic new business and social models weren't at Aspen Institute. We were passionate that these were key individuals who would benefit greatly from the Institute's seminars and might be the future leaders of the Institute. And we knew a few of them back home in Palo Alto and Menlo Park.

As young venture philanthropists, we wanted to bring this entrepreneurial energy to the Aspen Institute, and concurrently infuse the Institute's mission into the leadership of this sector. Drawing from the Jewish value of nurturing young leadership, we wondered how the Aspen Institute could incorporate the next generation. Our idea for The Socrates Society was born.

We offered to invite a group of friends from the Silicon Valley to the Aspen Institute to tackle this new area. When we proposed a weekend seminar on the ethical tensions of democracy and technology exclusively for this group, the Institute leadership balked, "No! Too narrow a group and not

enough experience." They also mentioned there wasn't much fundraising potential among this 20-30-something crowd. The Institute leadership alternatively suggested we incorporate our "techie" entrepreneurs into existing programs where their voices would join a more "well-rounded" group. Underlying it all, of course, was the fear of a risky new proposition, an aversion most established organizations harbor. We didn't give up. Two years later, under different leadership, our idea of an exclusive group for younger people was reconsidered.

Finally in 1996, under the leadership of Charlie Firestone, the Institute was willing to test-run our idea. We were offered the Aspen campus on July 4th weekend, when it would be otherwise abandoned for holiday events. We took what we could get.

We sent out an invitation by email in 1996 to everyone we knew in Silicon Valley with an email address. They were the "techiest" 400 people we knew! About 75 responded, and for \$350 for the weekend, they were the Socrates pioneers – or guinea pigs.

Challenging the status quo is a significant motivator in the hi-tech community. What lured the

participants to the Aspen Institute were the boundaries being broken, along with the unusual but relevant agenda, a diverse, accomplished crowd, and a beautiful, refreshing setting.

Over the next eight years, the Socrates Society blossomed into a powerful and popular program, meeting multiple times a year and generating a national following of 25-45-year old young leaders. At every weekend event, nearly half of the 50-120 people in attendance have been at least once before. A group of ten die-hard groupies have been to every seminar since 1996!

Despite the popularity of the program, it was barely breaking even financially, and it still did not have official standing within the Aspen Institute. It needed official blessing and financial support to ensure its longevity beyond our involvement.

In 2005, incoming Aspen Institute CEO Walter Isaacson heard about this black-sheep program at the Institute. His first day on the job, he attended the July 4th, 2005, The Socrates Society seminars to understand the program's controversial nature. To our delight, he got it immediately (We suspect Walter's techie nature at heart had something to do with this.)

He blessed the program, incorporated it into the Institute's Seminars Department, and it immediately had to endure severe overhead charges of 18% of revenues! (Note to self: Be careful what you wish for...)



Mark Chichester, ED of the Socrates Society and Pascal Levensohn, co-chair of the Steering Committee, work diligently on the next seminar series in Aspen

LEADERS DISCUSSING GLOBAL TENSIONS

In order both to institutionalize the program and to ensure diversity of its participants, Walter then urged us to endow a scholarship fund for the Socrates Society. We needed about \$40,000 per year in scholarship funding, so the fund had to be at least \$800,000. (Most endowments give 5% of their corpus per year to the operating program. This 5% payout ensures perpetuity of the endowment; anything more than 5% could deplete the corpus over time.)

We suggested a 1:1 matching challenge grant, and we pledged \$400,000. Over the next 3 years, we held fundraisers (thank you, Tom Friedman, for your starring role at many of these) and we asked longtime Socrates participants to help support the Scholarship Fund. Today, the Fund stands at more than \$1 million.

The Institute took ownership of the Socrates Society once it was a proven success. The Socrates executive director now serves as a vice president of the Institute and fundraises for Socrates from corporations and participants. Nearly 1,000 young leaders have participated in the Socrates Society seminars since 1996. As of 2008, there are five weekends for more than 200 participants annually, and half of all participants return for more (well above the Institute's overall return rate of 10 to 20 percent.) Passionate alumni created online communities. The Socrates Society has designed specialized programs for other groups of emerging leaders, such as the Young Presidents' Organization and the professional staff in the U.S. Senate. (Senate staffers can participate due to the extraordinary generosity of Bill Budinger, an Aspen Institute trustee and great partner and friend of the Socrates Society.)

The Socrates Society is now a core program of the Aspen Institute's outreach to younger leaders.. This story exemplifies our approach to venture philanthropy:

- Define a gap in services and design a solution.
- Assume the risk a larger organization will not.
- Donate more than just funding. In this case, we contributed social networks to recruit participants; identified moderators; and provided intellectual capital to tailor a program with resonance.
- Identify an exit strategy. In this case, a challenge grant to endow the program.
- Once proven, look to incorporate the program into the organization's operations.



"Socrates is a wonderful example of the generational differences of perspective that distinguish it from many of the longer tenured programs of the Aspen Institute."

Walter Isaacson, Aspen Institute

Gary hooks up Walter for a climb up our chimney, Aspen

Two other important factors in the success of this venture were the tenacity to create it and a collaborative attitude. We understood our idea was a radical departure for a venerable institution, yet we saw it as critical to the organization's relevance in a new era. We didn't let the resistance we encountered stymie us. We worked around it to convince the institution that the idea was in their best interest. Then, we shouldered the risk that could destabilize the organization by fully funding the pilots and tolerating the unknowns. Once the idea was validated, it was with great satisfaction that we could work with the Institute to hand off ownership of the venture.



The Socrates February participants take part in a ski fest



The Socrates Summer participants join in a white water rafting escape



GIFTS OF OVER \$10,000

Grantees \$1,000,000 and above

DeLeT: Day School Leadership through Teaching
Gideon Hausner Jewish Day School of Palo Alto

Jewish Community Federation of San Francisco
(Annual and Capital)
The Taube-Koret Campus for Jewish Life, Palo Alto

Grantees \$100,000 - \$999,999

Aspen Institute Socrates Society
Beth Am Synagogue of Los Altos Hills (Endowment and Annual)
Breast Cancer Research Foundation
Exploratorium
Jewish Education Service of North America
Jewish Family and Children's Services of San Francisco
National Public Radio, Inc.

Palo Alto JCC Pre-School (Capital Campaign)
The Jewish Teen Philanthropy:
a fund of the Jewish Community Endowment Fund
The Packard Children's Hospital of Stanford University Foundation
The Palo Alto Jewish Community Center, Arastradero Campus
The Bay Area Day School Scholarship Fund:
a fund of the Jewish Community Endowment Fund

Grantees \$10,000 - \$99,999

Abraham's Vision of Peace Inc.
Acumen Fund, Inc.
American Friends of Melitz
American Friends of Tel Aviv University
American Friends of the Shalom Hartman Institute
American Israel Education Foundation
American Jewish Joint Distribution Committee for
Tzedeka Foundation for Argentine Relief
American Jewish World Service
Anderson Ranch Arts Center
Aspen Ballet Company and School
Aspen Community Foundation
Aspen Institute Society of Fellows
Aspen Jewish Congregation
Boys and Girls Club of the Peninsula
Brandeis Hillel Day School
Bureau of Jewish Education
California Academy of Sciences
Central Synagogue, New York
Coalition for the Advancement of Jewish Education
College Track, Palo Alto
Columbia University Medical Center
Computer History Museum of Mountain View
Congregation Etz Chayim (Capital), Palo Alto
Conservation International
Council on Foreign Relations
Cure Autism Now
East Palo Alto Tennis and Tutoring (EPATT)
Environmental Media Services
Foundation for Jewish Camping
Global Fund for Children
Global Fund for Women
Global Peace Networks: Africa Micro Loan Fund
Hand-in-Hand: American Friends of the
Center for Jewish-Arab Education in Israel
Harvard University: Kennedy School of Government
Hatikvah, Inc. Home for Disabled Jews, Silicon Valley
Hebrew Union College, Los Angeles
Hillel Foundation at Stanford University
Insight Prison Project
Israel Tennis Centers
JCEF: Community Jewish Pre-School Scholarship Fund
JCF: Israel Emergency Campaign

JCF: New Bridges to Jewish Community, Palo Alto
Jewish Community Center of Aspen (Capital)
Jewish Community Center of San Francisco (Capital)
Jewish Community Relations Council
Jewish Community Federation of Silicon Valley
Jewish Family and Children's Services of San Francisco and Peninsula
Jewish Film Festival
Jewish Funders Network
Jewish Media Fund
Jewish Vocational Services of San Francisco
Kehillah Jewish High School of Palo Alto
KQED
Lance Armstrong Foundation
Lehrhaus Judaica
Middle East Media Research Institute
Music Associates of Aspen, Inc.
NARAL Pro-Choice America Foundation
National Democratic Institute for International Affairs
National Partnership for Women and Families
National Resources Defense Council (NRDC)
Partnership for Excellence in Jewish Education (PEJE)
Positive Coaching Alliance
Religious Action Center of Reform Judaism (RAC)
Ronald Lauder Javneh Fund for Jewish Life in Eastern Europe
San Francisco State Foundation
for Bay Area Jewish Community History Project
Schechter Institute of Jewish Studies for the Tali Schools in Israel
Social Venture Fund of Silicon Valley (SVF)
South Peninsula Hebrew Day School
Southern Center for Human Rights
Stanford Graduate School of Business
Stanford University
TheatreWorks of Mountain View
Town of Atherton Playground
Trinity School, New York
UAHC (now Union for Reform Judaism)
University of California at San Francisco (Hospital) Foundation
University of Pennsylvania
USA Cycling Development Foundation
Whitney Museum of American Art
William J. Clinton Presidential Foundation
Youth Tennis Advantage, East Palo Alto

For periodic updates, please see: LauderFoundation.org July 2008



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