

# Companies assisting communities

## Entrepreneurs Foundation helps startups create a culture of giving

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Entrepreneurs Foundation (EF), in Sunnyvale, has created a way for cash-poor young companies to give money to the community.

According to Executive Director Diane Solinger, Entrepreneurs Foundation accepts pre-IPO stock that will have cash value when the company goes public. She believes that this approach will encourage more valley startups to create a culture of corporate giving early on.

"Private venture-backed companies have traditionally not been very engaged in community initiatives. They are trying to build a business and take a pathway to liquidity. They don't have the staff dedicated to these efforts and they don't have the cash either," Ms. Solinger says. "What they do have is a desire to be supportive of the community."

It is an approach that has already proven successful.

Since starting in 1998, the foundation has given about \$3.9 million to 140 charitable organizations locally and around the globe. "Each company has their areas of interest," Ms. Solinger says.

Among the organizations they have helped are Resource Area for Teaching in San Jose, Second Harvest Food Bank in Santa Clara and San Mateo Counties, Samaritan House in San Mateo, Save the Bay in Oakland and Emergency Housing Consortium in San Jose.

Coincidentally, the foundation also has 140 member companies, but there is no one-to-one relationship between the number of members and organizations that receive funding.

Firms can participate in two ways.

A company can join the foundation as a Participating Company by dedicating some of their pre-IPO stock to them after they have gone through their first round of VC funding. EF suggests donating .025 percent of the total pre-IPO value. The foundation holds the stock until it becomes publicly traded.

"So they are literally taking stock in their community. They look at the community as another stakeholder," Ms. Solinger says.

When the stock goes public, and has a real cash value, the Participating Company can distribute the money directly to a charitable organization or they can set up a fund at the foundation, which is what most member companies prefer to do.

According to Ms. Solinger, this is a unique approach to raising contributions from the business community.

Her organization can also provide community relations staffers, who can help by making members aware of additional ways to help, such as volunteer opportunities.

"It's as though they have their own community relations person," Ms. Solinger says. "We put the infrastructure in place to determine the types of activities



DENNIS G. HENDRICKS

**LENDING A HELPING HAND:** Volunteers load boxes at Second Harvest Food Bank which has benefited from the Entrepreneurs Foundation.

they would like to have. We guide them. We are like their facilitator."

Ms. Solinger believes that the approach that EF uses is especially suited to the valley. According to her, a study conducted by the Community Foundation Silicon Valley determined that people here "typically make connections through the place they work. That is where they learn about the broader community."

Another approach companies can take to working with the foundation, as opposed to the equity model, is to become an "Annual Member" and contract with them for community relations guidance and/or services on a flexible fee basis.

This second approach was launched this summer. So far, the foundation has about a dozen Annual Members.

The foundation will also help companies establish what is called a Corporate Advised Fund, (CAF) which is a philanthropic fund that enables them to make grants to charitable organizations.

"It is similar to having your own foundation, but you don't have to have a board of directors or apply for non-profit status," Ms. Solinger says.

Entrepreneurs Foundation will administer the fund for a small fee, usually about one percent of the fund.

"For a lot of companies it is easier to create a CAF than to manage an in-house foundation," Ms. Solinger says.

Her organization partners with Community Foundation Silicon Valley in this program.

So far, EF has established six CAFs, for such companies as Maxygen in Redwood City, ZipRealty in Emeryville, Intuitive Surgical in Mountain View and Keynote Systems in San Mateo.

Ms. Solinger wants to Build EF into an even stronger organization, one that has greater impact on the community.

Within the next 10 years, she plans to have about 200 active companies in their portfolio at all times and to be able to distribute \$3 million annually.

"I know people want to give back and it is hard for them because of their work schedules to find ways to

make the connections," Ms. Solinger says. "If we can do this through the workplace and make it easy for them, while at the same time help companies establish a culture of giving, I think the community will be stronger."

Mountain View-based Synopsis Inc., is one of EF's Annual Members

Erin Brennock, senior manager, community relations and government affairs, says EF does a good job of providing basic tools, from creating a strategy to help with implementing it.

"I think [this approach] is super. I think the more of us there are having this [involvement], the more we can do to strengthen the valley," Ms. Brennock says.

Julie Shimer, CEO of Vocera Communications in Cupertino, says her company became a Participating Member in late 2001 at the recommendation of board member and investor Don Wood.

"The relationship has been very good," she says. "They stay in touch and provide many opportunities to help."

One of those opportunities that Vocera participates in each year is EF's annual holiday food drive. Vocera employees donate both food and cash.

Joan Scott, director of Community Relations for National Semiconductor, says that her company became an Annual Member last year.

Ms. Scott calls EF "a one-stop shop for networking and information on corporate philanthropy."

She adds that she has learned a lot from EF's round tables and seminars.

"They serve a valuable service in the community," Ms. Scott says. "One thing they do is help us connect with other companies facing the same issues. It is valuable to have a network, to talk about these things. Here, companies are not in competition with each other. Everyone is willing to share because the ultimate goal is to improve the community."

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