

# New community-aid group formed

By **Mary Jane Credeur**  
STAFF WRITER

**B**y design, entrepreneurs are highly focused workers with neither time nor money to spare for the communities from which they hope to make millions through successful young companies.

A newly created philanthropic group called the Entrepreneurs Foundation of the Southeast Inc. (EFSE) is hoping to redirect some of that attention to local charities and volunteer efforts.

The nonprofit Entrepreneurs Foundation had its genesis in California in 1998, when longtime venture capitalist Gib Myers grew weary of agendas driven by the bottom line.

"Here we are the leaders in technology, but we don't lead anything in the community outside our own circles," said Myers, a 30-year veteran of the **Mayfield Fund**. "I was looking for a way to grab hold of the talent, the skill and the know-how of entrepreneurs, and put it to work."

The Southeast chapter is the sixth branch to open in the nation's top technology cities. There are also chapters in Austin, Texas; Boston; Dallas; Houston and the San Francisco Bay Area. Expansions are planned in Portland, Ore., and Tel Aviv, Israel.

EFSE's list of organizers and directors reads like a partial who's who of Atlanta technology leaders, including executive recruiter Richard E. Steele Jr., of **Korn/Ferry International** (NYSE: KFY), **Nelson Mullins Riley & Scarborough LLP** attorney Neil Grayson, venture capitalist Teo Dagi of **Cordova Ventures L.P.**, John Huntz Jr. of **Fuqua Ventures LLC**,



BYRON E. SMALL

**Looking for help:** Ricky Steele, from left, Neil Grayson and Rhen Cain helped organize the new foundation, which encourages technology companies to support charitable causes.

Tom Smith of **Total Technology Ventures** and I. Sigmund Mosley Jr. of **Imlay Investments Inc.**

Korn/Ferry did a pro bono search for a president to spearhead the foundation of EFSE and attract the initial member companies. Korn/Ferry found local entrepreneur Rhen Cain, who gave up his well-paying post as CEO of **Directo Inc.** to work for free until EFSE has a budget in place.

The foundation just moved into an office at the Advanced Technology Development Center, where companies such as **MindSpring Enterprises Inc.** and **Air2Web Inc.** started.

Cain hopes the foundation's proximity to growing companies will give it a leg up in attracting new members.

"Strong communities mean strong companies and this is just the right

thing to do," said Cain, who formerly headed sponsorship efforts for the Atlanta Committee for the Olympic Games. "When an early-stage company gets involved in the community, it elevates their visibility and builds esprit de corps. Employees learn to work together, and they develop a sense of ownership in the city."

EFSE targets companies ranging from start-ups with a dozen employees to publicly traded corporations with hundreds of employees. The foundation asks executives to donate a small portion of their pre-IPO stock — typically 1 percent or \$100,000 — and commit to volunteering with a local charity of their choice.

There are no rigid guidelines, and some companies elect to compensate employees for the time they spend

volunteering, usually an hour a week. If and when a public offering or acquisition happens, the foundation's stock in the company is donated to charities, with a tiny portion going back into the nonprofit's coffers to cover expansion costs in new cities.

American companies, foundations and individuals give a collective \$200 billion annually, according to an Indianapolis philanthropic tracking group called the American Association of Fundraising Counsel.

Kathleen McCarthy, director of the Center for the Study of Philanthropy at the City University of New York, said many nonprofits are suffering now because the bulk of donations during the peak season of giving — between Thanksgiving and Christmas — are going to Sept. 11 disaster relief funds.

"This is usually the time of year when people give the most because the holidays make us feel generous and people are thinking about the tax

benefits of giving," McCarthy said. "Supporting all organizations, including those not focused on disaster, is particularly important in times of duress."

Locally, Cain is in the midst of an initial fund-raising campaign to get commitments for \$500,000, which would cover EFSE's overhead costs for the next three years. He has been meeting with charities like Tech-Bridge Inc., Hands On Atlanta, The Community Foundation for Greater Atlanta and several others to garner support and gauge their need for tech-savvy volunteers.

While initial response has been encouraging, Cain acknowledges that it's a crummy time to be asking tech companies for money.

"Giving doesn't have to mean dollars," Cain said. "We're working with management to carve out a few hours a month for voluntary time off, and a minimal stock donation. Anybody can afford that."

Attorney John Yates, who leads the technology practice at **Morris, Manning & Martin LLP**, agrees that the waning availability of venture capital coupled with low valuations and fallen stock prices spell hard times for charitable causes.

"There's a much longer path to liquidity right now, so it may take longer for charities to realize the full value of a [stock] donation," Yates said.

Yet the organizers of the EFSE believe the feel-good premise of the foundation will buoy the young nonprofit through today's tough economy.

"When you've got a group of people who spent a day cooking food for the homeless or teaching children how to use computers, that builds corporate responsibility," Korn/Ferry's Steele said.

Nelson Mullins Riley & Scarborough attorney Grayson added, "This is about thanking the city that helps your company grow."

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