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# Charity, Bill Gates-style

## Successful entrepreneurs launch their own charities.

By [Ian Mount](#)

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(FSB Magazine) -- When entrepreneur Tom Pirelli sold the medical software company he founded, Enterprise Systems, for \$250 million in stock in 1997, the 59-year-old decided to devote his time and capital to helping the needy. He started a foundation but soon found that philanthropy wasn't as enjoyable as he'd anticipated. "I started by writing checks, which was incredibly unsatisfying," he says. So like many of the new breed of philanthropist, Pirelli applied the skills that had served him as a business owner and got his hands dirty launching, running, and benchmarking his own projects. He funded and ran robotics programs in the Chicago public schools and outfitted a voice-controlled home for a quadriplegic veteran wounded in Iraq. Now Pirelli is rethinking housing for the poor: In December his Ariel Foundation ([arielhome.org](http://arielhome.org)) built the first of a planned one million modular homes. "Our goal is to build houses like Toyota builds cars," Pirelli says.

Entrepreneur philanthropists such as Pirelli are changing the face of charitable giving in America. Many of them are baby-boomers or younger and earned their dough at fast-moving startups. They're used to being in charge, doing more with less, and seeing results now. While large corporations may write bigger checks, small-business owners are bringing their hands-on approach to a vast range of social problems. And they're not waiting for a full head of gray hair to get started.

The number of private foundations, once the purview of rich industrialists, increased 85%, to 76,348, between 1991 and 2003, according to IRS data, and 68% of them have less than \$1 million in assets. "The most profound trend is that in the past the foundation was formed upon the death of the grandfather. Now it's formed by the successful entrepreneur in his 40s and 50s," says Dan Schley, founder of Foundation Source ([foundationsource.com](http://foundationsource.com)), which manages 580 foundations with \$2.4 billion in assets.

Not only are these entrepreneurs devoting themselves to philanthropy once they've achieved business success, but they're also planning to spend the money while they're still alive instead of setting up foundations in their will. "My intention is to give away everything I have before I die," says Pirelli. "There's no faster way to spoil your kids than by letting them think they'll have a big inheritance."

Those aiming to help the poor in Third World countries are a fast-growing segment - more so as small companies play in a global marketplace - but the majority of the new philanthropists work close to home. Accustomed to being at the head of nimble organizations, entrepreneurs love the immediacy of seeing the people whose lives they touch and responding to their needs directly. Roy Jay marched into the Portland, Ore., district attorney's office with an innovative way to help locals clean up legal problems. In a single day he cleared the way for more than 500 people to get better jobs and education (see page 97).

"Capital offers tremendous leverage if you think about philanthropy as a business and expect a social return on investment," says Schley. "It's a mentality that suits entrepreneurs." ■

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