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Leadership

Performance Philanthropy

Tara Weiss, 01.03.07, 4:30 PM ET



Courtesy of Geneva Global

Children from a Batwa village in Burundi celebrate the anniversary of their school--built and staffed via an investment by a Geneva Global client.

David Weekley is results-oriented in his business life, so it only makes sense he wants the same in his philanthropic life.

That's why he chose to work with the philanthropic advisers [Geneva Global](#). The Philadelphia-area company offers a unique twist on giving: performance philanthropy. A for-profit company, Geneva Global applies an investment banking approach to traditional checkbook charity.

"Philanthropy is similar to investing, but until now it hasn't been treated with the same level of discipline," says Steve Beck, CEO of Geneva Global. "We're a philanthropic investment bank."

Here's how it works: Geneva Global is the middle man. It uses its network of about 600 on-the-ground advisers in the developing world to find worthy community programs and socially minded entrepreneurs to invest in. Geneva Global vets each funding candidate to ensure they all have a promising business model and a solid management structure.

In Pictures: Billionaire Philanthropists

To donate, Geneva Global's clients select a part of the world and a type of cause they'd like to concentrate on. Geneva then provides detailed research reports on relevant regions and community programs, much in the same way that investment firms like **JPMorgan Chase** (nyse: [JPM](#) - news - people) or **Goldman Sachs** (nyse: [GS](#) - news - people) might. Geneva then offers guidance on clients' likely return on investment and also issues periodic updates after they've invested.

"Clients are creating a social return on that investment," says Beck. "They're not getting a return back in money but in lives changed on the ground." Geneva Global doesn't take the investment funds; it sets up a channel for clients to give directly.

Being able to measure his investment's success appealed to Weekley. For the last 15 years, the founder of David Weekley Homes has given 50% of his income to causes near his hometown of Houston and in other places in the U.S. where he can monitor the results. Finding a way to give internationally, however, was a challenge.

"With philanthropy you make donations based on how something might touch your heart," he says. "For many business people you want to combine the heart and the head, and use your business experience and talent to ensure funds you give are most effectively used." So far, Weekley has invested in building homes in Rwanda and in microfinance ventures.

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Geneva Global's concept isn't entirely new. The face of philanthropy has evolved over the past decade, largely because of all the money made by young Silicon Valley types and their Wall Street counterparts. Those are the same people who are now working as microinvestors and social entrepreneurs. With those concepts, people give money in small amounts that are actually large enough to help the world's neediest run their own businesses.

Organizations like Rockefeller Philanthropy Advisors and the U.N. Millennium Project, which fit donors with projects, also appeal to this generation's philanthropists. They work with donors to come up with projects they are particularly interested in.

"We work with donors to find out what problem they want to solve, how they can make it happen and what are progress indicators and outcomes," says Melissa Berman, president and CEO of Rockefeller Philanthropy Advisors. There is a much sharper focus on results today, she says.

Geneva Global's Beck agrees. "Those who are newly able to give like self-made millionaires are the ones who aren't separating their business brain from their business brain," says Beck. "They're demanding in their business environment, so why not be equally demanding in charity?"

Geneva Global is different because it's for-profit. It's still not profitable, but senior leadership expects it to be in three years. Geneva Global makes money by charging a percentage of the total donation. What each client pays depends on how extensive Geneva's research is. That percentage is totally separate from the donation.

"They're running this like a business, so it's a win-win situation," says Paul Schervish, director of the Center on Wealth and Philanthropy at Boston College. "They have to meet the needs of the donors or else they suffer. That can also be true for nonprofits, but the consequences for a for-profit are more immediate. The people making the contributions won't work with Geneva Global if they don't produce results."

Geneva Global was started in 1999 by a group of very wealthy private investors who made their money in emerging markets and wanted to give back. For the first two and a half years, these anonymous investors kept it private. In 2001, it was opened to the public. Now, it has a staff of 127 people.

Then there's also a network of about 600 volunteers internationally. They serve as Geneva's advisers in the communities that need the most help. Because they are in-country, they are able to make contacts with ordinary folks trying to improve their communities. Sometimes those contacts are local nongovernment organizations.

Often it's much more informal than that. For instance, Geneva Global clients now fund a woman in Montenegro who started a shelter for refugees of the sex-trafficking trade. It started when three women showed up on her doorstep; they had been sold by the police. "She was living hand to mouth before us," says Beck. "That's a place where our network worked. We had someone in Montenegro who knew about her."

A relatively small amount of money goes a long way. The average project costs about \$35,000 annually to fund. Most clients give more than \$250,000 and are therefore able to fund between seven and 15 projects.

Between the media, international travel and the globalization of business, Americans are more aware than ever about the problems faced by the world's poorest. With that recognition, competition for philanthropic funds is heating up. Says Berman of Rockefeller Philanthropy Advisors, "Competition is good in the sense that the more focus people have on how others are solving the problems effectively, the better people will be able to allocate their resources."

In Pictures: Billionaire Philanthropists

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