

Zero Is
the Hero

BY STEVEN BERTONI

“Our giving is based on the opportunities, not on a plan to stay in business for a long time.”

Let's start with zero. For most business and philanthropic endeavors, zero is the enemy, the obstacle—the thing you are trying to get away from as quickly as possible. Read any financial report, academic paper, or government study, and you'll be hard pressed to find a celebrated zero—unless, of course, it's packaged in a long, numerical series separated by many commas. After all, with so much human activity focused on productivity, growth, and action, zero is the mathematical opponent—something to be fought and defeated.

At The Atlantic Philanthropies, however, zero is the hero. It's the star, the spark, the goal. While other philanthropies focus on endless growth and increasing their endowments so they'll have enough money to give away for perpetuity, Atlantic has spent three-plus decades striving for zero—to empty its coffers, shutter its doors, to give it all away.

And what has this quest for zero yielded?

- More than \$8 billion in grants
- 10 global offices
- 300-plus staffers
- 6,500 grants to nearly 2,500 recipients
- 373,000% of Feeney's current net worth given over his lifetime
- 1 billionaire who went broke—on purpose

“Our giving is based on the opportunities,” says Chuck Feeney, Atlantic's founder, “not on a plan to stay in business for a long time.”

What follows is a look at The Atlantic Philanthropies by the numbers. A fascinating look at the foundation's life-changing projects and world-changing impact—all thanks to the passionate pursuit of getting to zero.

From Duty Free to Philanthropy

“I don’t dislike money, but there’s only so much money you can use.”

Duty Free Shoppers (DFS), the source of both Chuck Feeney’s wealth and Atlantic’s first funding, began with Feeney and partner Robert Miller selling whiskey to U.S. Navy men stationed in Europe in the 1950s. It expanded to luxury goods and cars. Feeney followed the demand, from European Naval Bases later to a burgeoning Japanese middle class with a thirst for world travel, American cigarettes, French cognac, and Italian leather.

In 1984 Feeney, in secret, transferred his entire 38.75 percent stake in DFS to the foundation that would grow into The Atlantic Philanthropies. As Feeney told Forbes in 2012: “I concluded that if you hung on to a piece of the action for yourself, you’d always be worrying about that piece.”

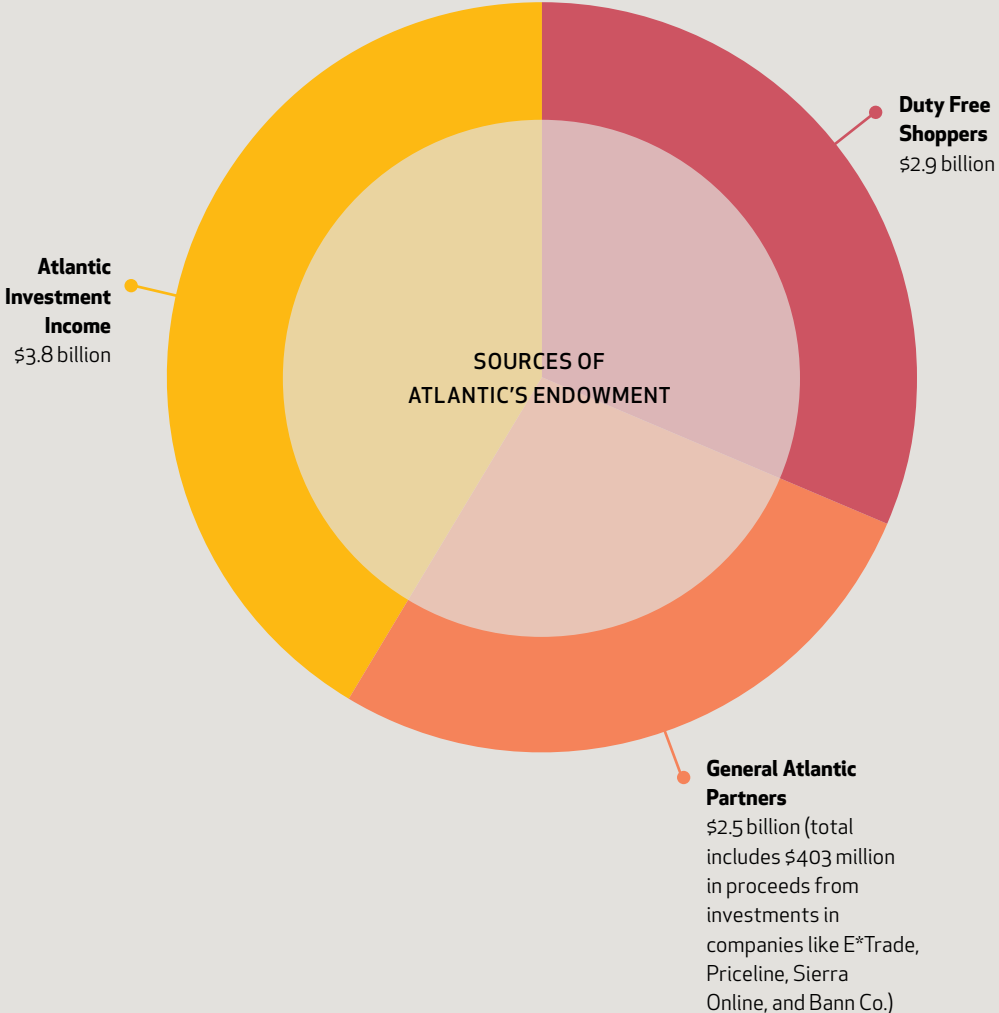
While he remained the driven and aggressive co-founder of DFS for years to come, a rare few knew the truth—the windfall from the DFS cash machine was going to charity, not Feeney’s own coffers. “I’m a competitive type of person, whether it’s playing a game of basketball or playing business games,” says Feeney. “I don’t dislike money, but there’s only so much money you can use.”

100%

Chuck Feeney secretly transferred his entire stake in Duty Free Shoppers to Atlantic Philanthropies in 1984

\$43,561
Duty Free Shoppers' annual average sales per square foot (in today's dollars) at the Waikiki Store, 1988

\$5,637
Apple's current average sales per square foot



Frugal Founder, Big Spender



To build his international business empire—and later as a globe-trotting philanthropist—Chuck Feeney flew over a million miles circling the world—all while sitting in economy. While he made his fortune selling luxury goods to travelers, Feeney’s tastes are notoriously simple. He has always worn threadbare blazers and a rubber Casio watch, and carried magazines and papers in a plastic shopping bag. He only once ever owned a car—a used Jaguar.

Today, after earning billions of dollars, he lives in a modest apartment in San Francisco. But when it comes to charity, the penny-pinching Feeney is more than willing to break the bank if he sees value. As *Forbes* noted: “We have met many a billionaire who’s gone bust—Feeney’s the first one who did it on purpose.” As Feeney sees it: “If you give while living, the money goes to work quickly, everyone gets to see the action and the results—that’s what we’re all about.”

Four CEOs and its founding chairman have driven The Atlantic Philanthropies over the last four decades.

1982–present

Charles Feeney

\$2.2 billion
410 grants
\$5.4 million/
average grant

1982–2001

Harvey Dale

\$1.7 billion
2,584 grants
\$0.6 million/
average grant

2001–2007

John Healy

\$1.2 billion
1,408 grants
\$0.9 million/
average grant

2007–2011

Gara LaMarche

\$1.4 billion
1,259 grants
\$1.1 million/
average grant

2011–2020

Christopher Oechsli

\$1.2 billion
946 grants
\$1.6 million/
average grant

HOW CHUCK FEENEY'S THRIFT FUELED
HIS AND ATLANTIC'S GENEROSITY

\$9
billion

Size of Atlantic's endowment from the time of Feeney's initial investment through years of careful stewardship

\$8+
billion

Total grants awarded

90

Percentage of assets spent on programs

\$2.5+
billion

Capital project grants for 1,000+ buildings across five continents to invigorate communities, improve health and education

1:10

Ratio of staff to active grants

57

Percentage of big bet grants of \$10 million+ to advance opportunity and positive social change

\$1.2
million

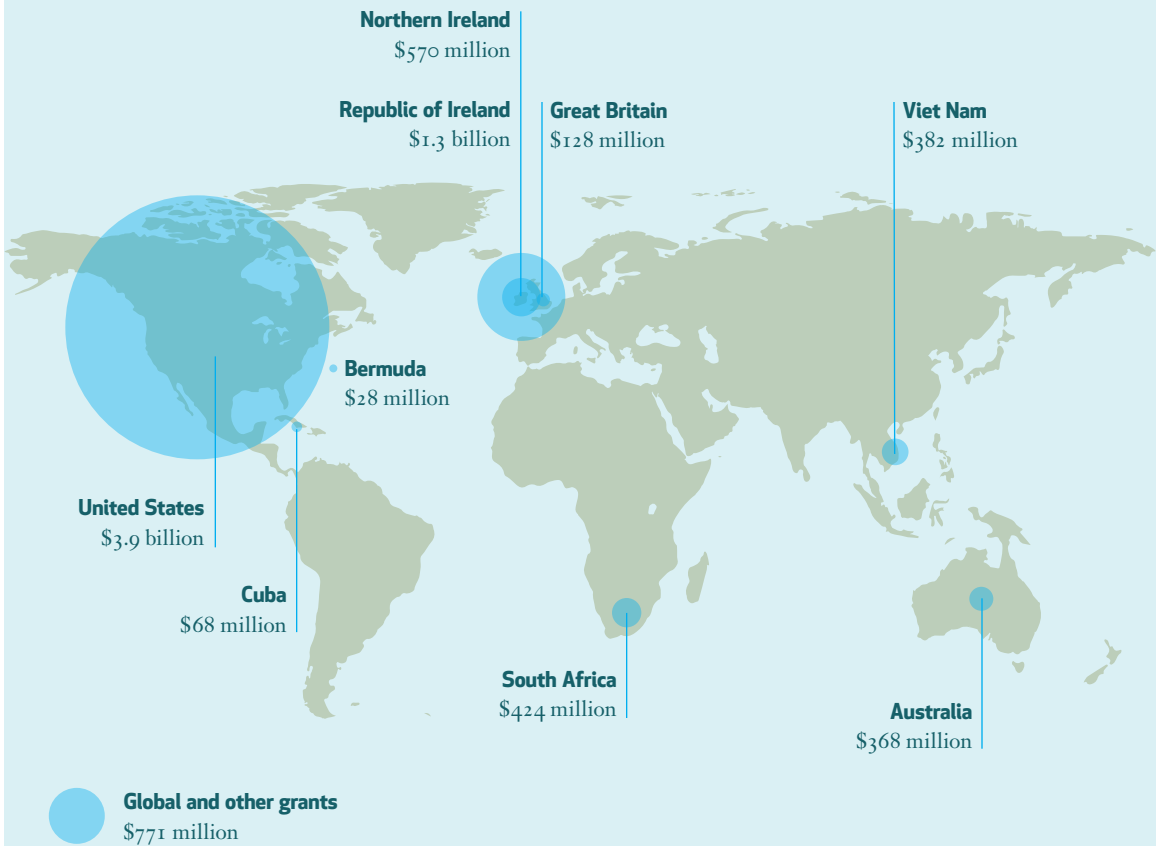
Average grant size

8

Number of charitable entities through which The Atlantic Philanthropies made grants worldwide

WHERE IT ALL WENT: GRANTMAKING BY REGION, 1982-2016

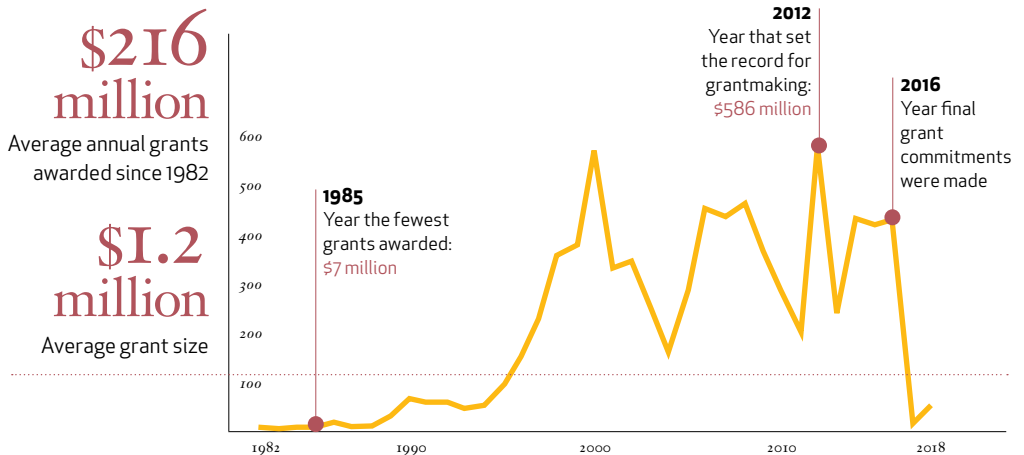
10 offices
across 9 regions
spanning 7 time zones



Going Global

Creating a luxury travel juggernaut was an international affair. At its peak, the sun never set on DFS: Shops were in the continental U.S., Europe, Alaska, Hawaii, Australia, ever-roaming cruise ships, and East Asia. Feeney and DFS established beachheads everywhere they expected tourists to flock. In one extreme case, they homed in on the tropical island of Saipan as a potential hotspot. One problem: Saipan lacked an airport. So DFS spent \$5 million to build one. Atlantic, throughout its life, shared the same global ambitions. Feeney, and Atlantic, regularly sought out and seized opportunities to invest in places, often undervalued and sometimes overlooked, that showed great promise for producing significant returns as measured in the difference they would make in people's lives.

THE HIGHS AND LOWS OF ATLANTIC'S GIVING



Atlantic Activism: Big Bets on Social Change

Sometimes controversial, often contrarian, and always bold, Atlantic Philanthropies pushed aggressively into projects to spark social change. Instead of slowly allocating small grants toward large issues, Atlantic moved big and fast to help solve problems before they became more entrenched and expansive.

Says Feeney: “The advantage from our point of view was that the money was promptly available for the desired activity.”

Atlantic moved big and fast to help solve problems before they became more entrenched and expansive.

Over the years, Atlantic’s grants helped:

- Catalyze the advancement of knowledge economies in the Republic of Ireland and Australia.
- Hasten the end of the juvenile death penalty in the United States.
- Support grassroots campaigns in the U.S. to increase the number of children and families with health insurance and to help win passage and implementation of the Affordable Care Act.
- Bring peace to Northern Ireland.
- Secure life-saving medication for millions afflicted with HIV/AIDS in South Africa.
- Reduce racial disparities in destructive zero-tolerance school discipline policies in U.S. schools.
- Enable Viet Nam to develop a more equitable system for delivering health care throughout the country.

\$36.8 million

Grants promoting Integrated and Shared Education in Northern Ireland



\$9.5 million

Money invested promoting LGBT Rights in the Republic of Ireland



\$62.4 million

To support efforts to Abolish the Death Penalty in the United States



\$75.6 million

To support the grassroots campaign for passage and implementation of the Affordable Care Act in the United States



\$269 million

Advancing Public Health and Healthcare in Viet Nam



\$700 million

Atlantic Fellows Program to support the next generation of leaders to collaborate across borders and disciplines for fairer, healthier, more inclusive societies

Feeney University

Since attending Cornell University on the G.I. Bill, Chuck Feeney has always placed higher education on the highest pedestal—and has worked tirelessly to help ensure that students, no matter their financial and geographic situation, have access to this life-changing—and society-changing—resource. From Ithaca, New York and Limerick, Ireland to Saigon, Viet Nam and Brisbane, Australia, Atlantic’s grants continue to spur knowledge economies and breakthrough discoveries, and support opportunities for generations of eager students.

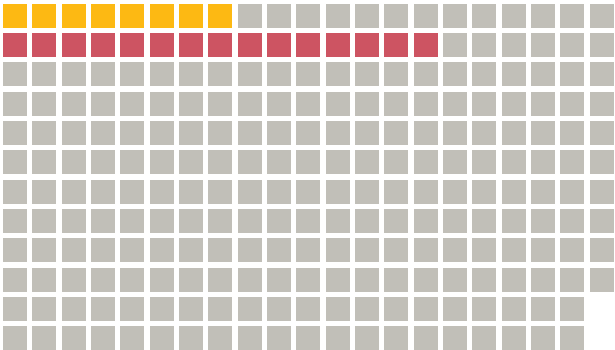
\$3.8
billion

Total giving to universities

1,063

Number of grants made to higher education

MORE THAN 250 UNIVERSITIES RECEIVED FUNDING FROM ATLANTIC



- 8 universities received grants topping \$100 million
- 15 universities received more than \$50 million



I.I million

square feet of new research facilities and 2,600+ research- and postgraduate-positions to help Ireland's university system become a world-class leader.

\$66 million

to build educational and research facilities as part of Queensland Australia's "Smart State" initiative.

\$965 million

Grants given to Feeney's alma mater, Cornell University, including \$350 million to establish Cornell Tech in New York City.

Top Ten Grantees *(total grants, in millions)*

Cornell University	\$965
University of California, San Francisco	\$636
University of Limerick	\$181
Trinity College Dublin	\$168
Stanford University	\$145
The Rhodes Trust	\$134
Queen's University of Belfast	\$132
Dublin City University	\$128
London School of Economics	\$106
Cork University	\$91

Top Ten Grants *(in millions)*

Cornell Tech	\$350
University of California, San Francisco (UCSF) Global Brain Health Institute	\$176.4
UCSF, Housing at Mission Bay Medical Center	\$155.5
UCSF, Mission Bay Hospitals	\$125
The Rhodes Trust, Atlantic Institute	\$105
Cornell, West Campus Initiative	\$100
London School of Economics, Atlantic Fellows	\$91
UCSF Cardiovascular Research Institute	\$75
Cornell, Residential Life Improvement	\$60.7
Stanford University, James H. Clark Center for Biomedical Engineering and Sciences	\$60

Living Legacy

204

Number of billionaires who have signed the Giving Pledge as of mid-2019

\$448 million

Minimum amount pledged to Giving While Living philanthropy

34

Age of youngest billionaire, Facebook Co-Founder Dustin Moskovitz

88

Age of oldest billionaire, Warren Buffett

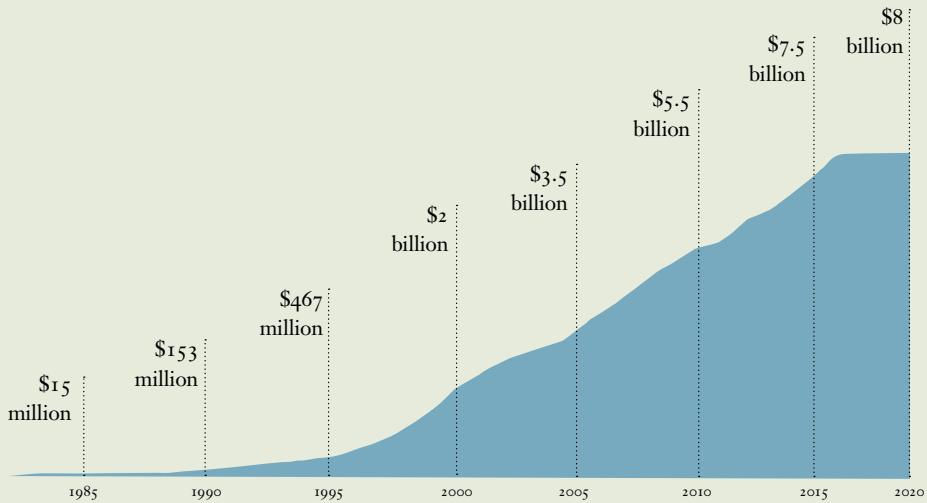
Bill Gates and Warren Buffett are longtime admirers of Chuck Feeney’s Giving While Living approach to philanthropy—the idea that people should use their wealth during their lifetimes to help people. Both have called Feeney their “hero” and say he was the inspiration for their Giving Pledge—a campaign to coax the world’s richest to donate at least half of their wealth before or upon their deaths. While Feeney spent his lifetime avoiding the spotlight, it is ironic that his philanthropic strategy and instructional example could be his most enduring legacy.

In addition to entrepreneurs like Gates and Buffett, a new and influential generation of donors—including Facebook’s Mark Zuckerberg and Airbnb’s Joe Gebbia—has also embraced all-in philanthropy. As a result, the number of Giving Pledge signatories reached 204 pledgers from 23 countries by mid-2019.

A new and influential generation of donors has embraced all-in philanthropy.

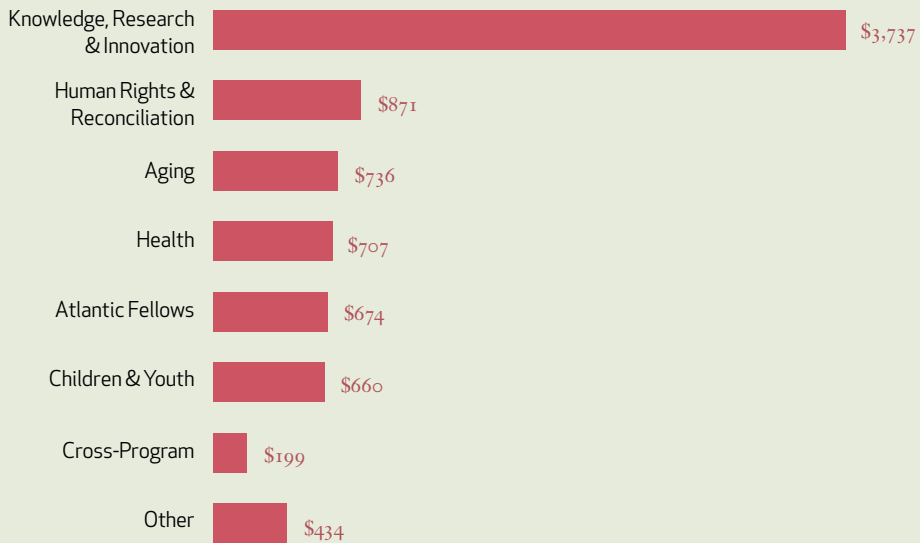
CUMULATIVE GRANTMAKING

(in total grants)



ATLANTIC'S INVESTMENT BY PROGRAM

(in millions)



LESSONS LEARNED

Taking Account of the Numbers

Here are some insights from Atlantic staff on what the numbers reveal and what they learned along the way.

WHEN MAKING BIG BETS, DON'T GO ALL IN AT ONCE

Approximately 57 percent of the foundation's grantmaking represented big bets to address immediate and longer-term needs in ways that would have a substantial impact sooner than later.

Atlantic's best practice was to make an initial series of small bets and then determine if the opportunities for impact favor making a bigger bet. Doing so allowed Atlantic to get to know the players and landscape and then bet big when the conditions were right for making a substantial investment. On occasion, when the foundation didn't start small—usually failing to ask founder Chuck Feeney's fundamental question: "What gives us reason to think this bet will pay off, and is it the highest and best use of Atlantic's resources?"—the outcomes weren't as staff had expected or had hoped.

Atlantic also learned that making big bets sometimes stretched a grantee's capacity, or led to large-sized grants that overestimated the marginal social return on investment.

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INVESTING MILLIONS TO INFLUENCE THE WAY BILLIONS ARE SPENT — THAT'S STRATEGIC

Atlantic often leveraged money from government and other donors to achieve a bigger social impact. For example, the foundation's \$350 million grant to help build Cornell Tech, a graduate school on Roosevelt Island in New York City, was accompanied by significant matching grants from government and other donors. An impact assessment forecasted that the new campus would create an estimated 20,000 short-term construction jobs, 38,000 permanent jobs, and 600 spin-off companies, and generate more than \$23 billion in economic activity and \$1.4 billion in additional tax revenues in its first three decades.

While many matches were successful, Atlantic ended up adjusting the requirements for organizations that faced particular challenges, and in a few cases waiving them altogether.

In earlier years, Chuck Feeney and Atlantic developed a partnership with the Irish government to boost research at universities through the Programme for Research in Third Level Institutions (PRTLTI). According to an independent report by PA Consulting, Atlantic's \$177 million contribution to PRTLTI ultimately leveraged more than \$1.3 billion in matching spending by the Irish government. PRTLTI significantly increased Ireland's capacity for world-class research. Atlantic replicated this model to help transform higher education in Northern Ireland and Australia.

NOT ALL MATCHES ARE MADE IN HEAVEN

In its final years, Atlantic put an emphasis on helping grantees sustain the policy gains that they had achieved with the foundation's support.

As part of this effort, Atlantic required organizations to secure matches for their final grants to help diversify their funding sources. Applying that policy across the board produced mixed results. For smaller grantees in particular, the matching requirements on final grants created an administrative burden without yielding many long-term benefits. While many matches were successful, Atlantic ended up adjusting the requirements for

organizations that faced particular challenges, and in a few cases waiving them altogether. The general consensus was that matches can be an effective tool when considered on a case-by-case basis, but it was not always the best way to ensure that an organization would be able to achieve the kind of gains that previous Atlantic support had helped to make possible.

BEING TRULY GLOBAL IS COMPLICATED BUT WORTH IT

Although it comes with a complex corporate infrastructure, being truly global enabled impactful grantmaking. Local staff could seek out multiple perspectives, pursue opportunities, build trust, make connections, and establish the foundation's bona fides as a partner with a range of organizations and governments.

Atlantic ultimately had offices in eight countries, each with a full administrative and program staff and most making grants predominantly in their local currency to protect grantees from fluctuating foreign exchange rates. Atlantic's annual overhead cost was just 10 percent because the size of its global staff was relatively low compared to other grantmakers of Atlantic's size. Even though the foundation duplicated capacity in eight offices, Atlantic's average grant size of \$1.2 million allowed for more modest grant management and related operating costs.

WHEN STAFFING UP OR DOWN, REMEMBER THE GOLDDLOCKS PRINCIPLE: STICK TO THE NUMBER THAT'S "JUST RIGHT"

Chuck Feeney believed that a lean operation keeps an organization focused on its core mission and prevents it from getting too diffuse—which happens when it keeps growing and creating new kinds of positions.

This also fit well with his belief that fewer, more significant grants were likely to have a greater impact. A smaller staff can also achieve greater efficiencies (in terms of grants and grant dollars/staff members) and keeps administrative costs down. Even with

\$350
million

Atlantic's largest bet, \$350 million to fund the first stage of a technology campus in the heart of NYC, attracted \$363 million in additional investments.

\$177
million

Atlantic's \$177 million bet on helping Ireland's university system become a world-class leader in education and research ultimately leveraged more than \$1.3 billion in matching spending by the Irish government.

\$269
million

Atlantic's \$269 million investment to strengthen Viet Nam's public health system over 15 years resulted in the construction of 940 community health centers to serve 9 million people.

Staff levels were highest in 2010:

Australia:	2
Bermuda:	8
Belfast:	8
Dublin:	21
Johannesburg:	7
New York City:	67
London:	4
Viet Nam:	7

Staff levels in 2019:

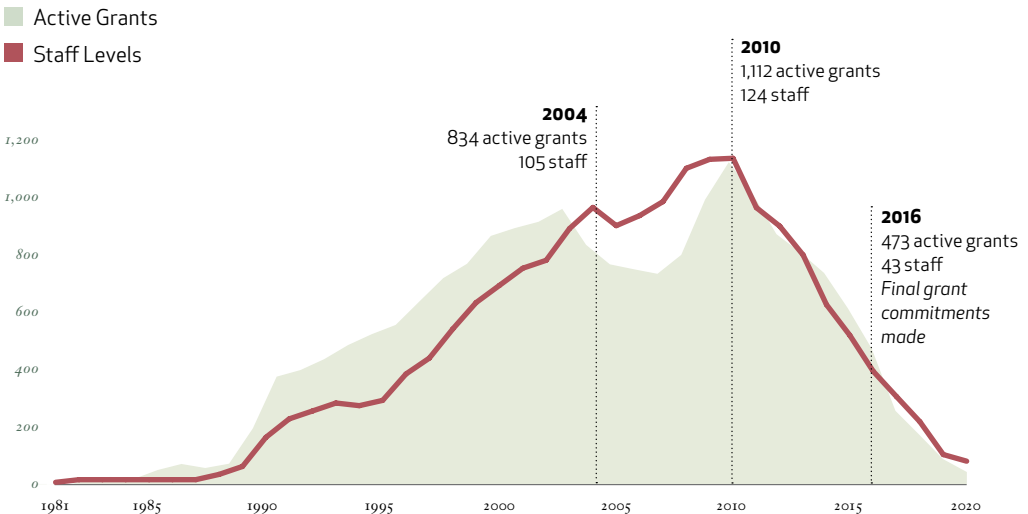
Bermuda:	2
New York City:	9.5

those principles in mind, Atlantic’s staff had increased to 124 employees worldwide by 2010. That is not a lot when compared to most other foundations with similar levels of grantmaking, but it was high for Atlantic. It reached that number just before the foundation began downsizing as part of its plan to complete grantmaking in 2016 and close in 2020. Once the process of reducing staff got underway in 2012, cuts came quickly.

Atlantic offered a strong severance plan and multiple transition resources to help keep staff engaged in the final years. It also developed a road map process to predict and communicate required staffing levels, acknowledging that when necessary some adjustments would be made along the way. Staff departures were clustered every six months to minimize staff anxiety and disruption.

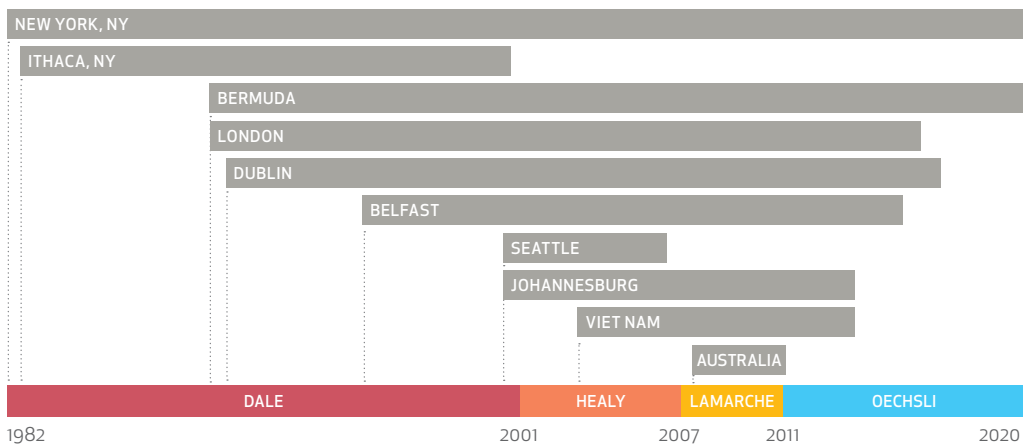
In retrospect, the issue of staffing during Atlantic’s final years came down to these questions: What are the required functions, who are the right people to staff them, and how do we plan to maximize impact, treat staff fairly, and end well?

STAFF LEVELS AND ACTIVE GRANTS



ATLANTIC'S OFFICES

(by year and leadership)



AS THE FINAL YEARS OF GRANTMAKING APPROACH, SWITCH TO INVESTMENTS WITH LOW VOLATILITY AND GREATER PREDICTABILITY

Because Atlantic planned to grant its entire endowment by a specific end date, its investment approach was different from foundations managing their portfolios for perpetuity. Those foundations generally invest in long-term assets that are vulnerable to market swings but yield a higher overall return. In Atlantic's case, especially in its final years with a limited investment horizon, low volatility and predictable returns became more important than higher returns.

To reduce risk, Atlantic invested the bulk of its endowment in hedge funds, which are considered more shielded from market ups and downs, with an additional mix of private equity investments and illiquid assets, primarily real estate holdings and a number of businesses, all of which would eventually have to be carefully divested.

By 2015—five years ahead of its planned closing date—Atlantic began liquidating its investments, moving toward an all-cash endowment. Doing so ensured that its finances would remain on a predictable course and make it possible to meet all obligations and operational expenses through its last day. It also made agreements with large and financially sophisticated grantees that gave the foundation the option to transfer certain residual illiquid investments—primarily real estate holdings and a number of businesses that the foundation ultimately would have to divest—to satisfy its grant obligations.

“I see little reason to delay giving when so much good can be achieved through supporting worthwhile causes today. Besides, it’s a lot more fun to give while you live than to give while you are dead.”

Chuck Feeney

ABOUT THE ATLANTIC PHILANTHROPIES

Over 35 years, Atlantic made grants totaling more than \$8 billion to advance opportunity, equity, and human dignity. After establishing Atlantic in 1982, Chuck Feeney quietly devoted his wealth to the service of humanity. In keeping with Feeney’s Giving While Living big-bet philosophy, Atlantic has invested in systemic change to accelerate lasting improvements for people in Australia, Bermuda, Cuba, Northern Ireland, the Republic of Ireland, South Africa, the United States, and Viet Nam. Atlantic committed its final grants in 2016 and will conclude operations in 2020.

ABOUT THE AUTHOR

Steven Bertoni is a senior editor at Forbes Media covering technology, entrepreneurs, billionaires, VCs and the Forbes 30 Under 30. Previously, he edited Forbes’ front-of-the-book section “Leaderboard,” and was a member of the Forbes 400 Wealth Team. Before joining Forbes, Mr. Bertoni worked on Wall Street as an associate at Merrill Lynch. He received a B.A. from Colgate University and an M.A. in journalism from NYU.

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