Harvest Time for The Atlantic Philanthropies

2011–2012: Focus, Exit, and Legacy

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Foreword

This is the third in a series of reports on the concluding years of The Atlantic Philanthropies, the largest endowed institution ever to decide to put all its charitable assets to use in a fixed period of time and then close its doors. The pages that follow cover events from late 2010 through September 2012, some four years before Atlantic expects to make its last grant commitments.

Information in this report is drawn from three principal sources. The first is a review of Atlantic's written records, including strategy papers, staff memoranda, Board minutes and docket books, and in some cases research reports produced outside of Atlantic. These documents are cited individually in footnotes.

The second major source of information is a series of interviews conducted throughout 2011 and early 2012 with a large selection of Atlantic staff and grantees and with every member of its Board of Directors. To encourage candor, these interviews were conducted on the condition that the respondents would not be quoted by name, and therefore excerpts from the interviews are not footnoted. In a few cases, where knowing the source of a comment is essential for understanding its meaning, interviewees were asked for permission to use their names.

Third, data on particular clusters of grants have been drawn from Atlantic's electronic grants-management database, from which the Director of Grants Management, Rebecca Van Sickle, and Grants Managers Jeanmarie Collens and Natalie Kilroy provided extensive information and expert fact-checking.

Abundant thanks are due to every Atlantic staffer who participated in interviews, foraged for documents, answered questions, and patiently filled in gaps in information or perspective. They are too numerous to name individually, yet they have been too generous to deserve merely a collective acknowledgement. For that injustice, as well as for any errors or omissions in this document, the author bears sole responsibility.

Executive Summary

By the schedule it has set for its limited life, The Atlantic Philanthropies entered 2011 with approximately six more years of active grantmaking left. By autumn of that year, it had gone through a broad change of leadership, at both the Board and executive levels. By the end of the year, it was immersed in a sweeping review of its programs, aimed at sharpening focus, envisioning how grantmaking relationships would end, and defining the legacy it would leave. The next year, 2012, would be both the Foundation's 30th anniversary and the beginning of what executives officially designated as its Final Chapter.

In short, the period described in this report was by several measures the most consequential — and in the eyes of many staff members, the most difficult — since Atlantic last overhauled its grant program a decade earlier. Both the importance and the stresses of this period were intensified by the Foundation's approaching end, a reality manifested not only by the advancing calendar but by the gradually dwindling endowment. By the close of 2012, Atlantic would have already spent or committed roughly $6.3 billion, representing nearly four-fifths of all the money it would ever be able to give away. Over the course of the next 48 months, its use of the remaining $1.2 billion would determine most of what the Foundation would "have to show for" its three decades of work, in the words of its Founding Chairman, Charles F. Feeney.

Both the old and the new leadership at Atlantic had recognized the need to plan for this concluding period. But the leadership transition in mid-2011 — and some accompanying changes in priorities and staffing — delayed and altered the planning process somewhat. When the process formally resumed in October 2011, incoming CEO Christopher G. Oechsli faced two overlapping sets of challenges. The first was that Atlantic's program budgets had been proceeding for many years at a level that would leave Atlantic relatively little room, toward the end of its life, to pursue unexpected grantmaking opportunities or to weather difficulties in investment performance or liquidity. Therefore, it would be necessary to begin paring down the program budget to some extent almost immediately. The other pressure was strategic: Mr. Oechsli and most Board members had come to believe that Atlantic's grantmaking agenda had grown too diffuse for an institution so close to the end of its work. In particular, some initiatives that aimed at building broad fields and movements — goals that can take decades to achieve — struck them as ill-suited to a foundation that would no longer exist by the time the current decade was over.

So what became a 10-month strategic planning process was designed, for the first time in a decade (and in some ways, for the first time in Atlantic's life), to accomplish at least four things at once: (a) narrow and focus the grants portfolio considerably; (b) begin winding down programs that had substantially achieved their goals or would not make significantly more progress in the remaining years;

(c) assemble tentative grant budgets, from the bottom up, for the remaining life of every surviving objective and initiative; and (d) define, as concretely as possible, what each line of work would be expected to achieve, and by when. The concentrated schedule of the planning process, the level of detail at which it was conducted, and the finality of the decisions it was making all led to a prolonged period of internal stress and exhaustion that has not ended as this report is being written.

Aware of the anxieties, and concerned about employees' escalating need to plan their post-Atlantic careers, the Foundation's Human Resources team likewise took unprecedented steps to plan and clarify the terms of employment for the Foundation's remaining years. In the spring of 2012, the HR director unveiled a detailed set of policies on retention, notice, and severance, aimed both at maintaining loyalty and easing the difficulties that staff members would face as their positions were gradually wound down. Such policies had, for most of the Foundation's life, been kept strictly confidential, and past decisions about severance terms were widely perceived, rightly or not, as inconsistent. The new policies, by contrast, were not only presented openly to the whole staff, but were based on relatively simple formulas, by which all employees could estimate the amount of paid notice and the severance benefit that would apply to them at any given point, and what criteria would determine their final terms. Other parts of the policy offered a wide menu of personal development and career-planning services to help them think about, and eventually move on to, the next stage of their careers.

Arguably the one part of Atlantic where 2011 and 2012 did not bring momentous changes was in financial management. There, Atlantic's trajectory toward its final years had been carefully planned for at least a decade, and despite the intervention of two recessions and an international financial crisis, it remained largely on track. The review of program strategy and budgets in 2011 and 2012 offered financial managers some additional comfort, in that the new budgets had left some resources for an "unallocated reserve" of funds that could be set aside for a few more years as a safeguard against unexpected downturns or limits to liquidity. But overall, despite considerable ups and downs in both spending and investment performance over the years, the endowment ended Atlantic's third decade remarkably close to where planners had envisioned.

The most publicly visible element of Atlantic's entry into its Final Chapter has been the emergence of its founder, Chuck Feeney, as something of a media figure — a role he had spent decades trying to avoid. The main reason for this escalating public profile has been Mr. Feeney's increasingly deliberate advocacy for Giving While Living: the principle that great wealth provides an opportunity for important and rewarding philanthropy, an opportunity best seized while the donor can personally guide and participate in the giving. In recent years, international news coverage of Mr. Feeney and of Giving While Living has coincided with his deepening involvement with the Giving Pledge, a high-profile group of similarly committed entrepreneur-philanthropists led by Microsoft founder Bill Gates and Berkshire-Hathaway CEO Warren Buffet.

But one event of 2011-2012 cast an especially bright spotlight on Atlantic's founder and his philanthropy: the announcement in December 2011 of a $350 million grant to Mr. Feeney's alma mater, Cornell University, to establish a high-tech campus on New York City's Roosevelt Island. The gift, larger than an entire year's average grantmaking for Atlantic, was also the largest single donation in Cornell's history. Its likely effect on New York City's educational and business environment — not to mention on East River real estate — will surely rank with Mr. Feeney's other major advanced-research investments in California, Ireland, and Australia as a uniquely visible and tangible legacy.

The Cornell donation also reveals a highly unusual feature of Atlantic's grantmaking: the juxtaposition of Mr. Feeney's entrepreneurial approach to philanthropy — spotting opportunities and seizing them, without reference to long-range plans or prescriptions — against the far more methodical, planned, and long-range approach of the rest of the institution. Both kinds of philanthropy have existed side-by-side over the years, with Mr. Feeney playing only an episodic oversight role in the institutional grant programs, even as he took an intense, hands-on role in the projects that he identifies for support. Unlike most foundations with living donors, whose programs are normally fully expressive of their founders' priorities and methods, Atlantic has devoted nearly two-thirds of its annual giving, on average, to activities guided by its independent Board of Directors. These have mostly enjoyed Mr. Feeney's quiet support over the years, but have otherwise received little guidance from him. Recent years have seen a more active critique by Mr. Feeney of the ongoing grant programs, but this still amounts to considerably less personal control and direction than is typical elsewhere.

Both for Mr. Feeney and for the institution he endowed with virtually all of his personal wealth, achieving an enduring legacy has become a more explicit and concentrated preoccupation as Atlantic's remaining life grows shorter. It is clear, by now, that that legacy will take multiple forms — advances in research and education in some places, in services for children or older people in others, in reforms of public policy and law still elsewhere. Yet certain consistent themes run through all of it, themes that draw heavily on lifelong principles and passions of Chuck Feeney: health and education as essential determinants of the quality of people's lives, and dignity, equity, and opportunity as fundamental values that determine any society's decency and strength.

As the Foundation gradually marks down its remaining years of life, Mr. Oechsli has promised in a June vision statement to the Board of Directors that the staff would "analyse the evidence and synthesise the impact, capture and tell the stories, amplify effective work, and inform those audiences who can carry on the effort."

“When we close our doors sometime around 2020,” he added, “my vision of Atlantic’s impact is this: that the many identifiable millions of people we and our grantees will have supported and served … will have measurably improved access to health and education and, in so doing, will also have greater opportunities, dignity, and equity.”[1]

[1] Christopher G. Oechsli, “2020 Vision,” memorandum to the Board of Directors, The Atlantic Philanthropies, 4 June 2012, pp. 17-18.

Harvest Time for The Atlantic Philanthropies

2011-2012: Focus, Exit, and Legacy

IN 2012 The Atlantic Philanthropies simultaneously marked the 30th anniversary of its founding and the beginning of its final five years of active grantmaking. In a June essay on the institution's website, CEO Christopher G. Oechsli celebrated the occasion by declaring it the start of "Our Final Chapter." The pairing of an anniversary and a finale was in many ways typical of the institution that Charles F. Feeney founded in 1982 and to which he had given virtually all of his personal fortune, with the intent that it be put to full use during his lifetime. Mr. Oechsli's essay was at once a reflection on decades of ambitious philanthropy and a reminder that there would be no more decades to follow. Atlantic was set to commit all its remaining resources by the end of 2016.

The formal decision to expend the full endowment had been taken just 11 years earlier, when the Foundation had already been active for 19 years. Nonetheless, even before that time, Mr. Feeney seems never to have harbored any doubts about a principle he calls Giving While Living. "I have always had the view," he says, "that money raised for philanthropy is to be spent at the time that it's raised, or close to it." Even as the endowment was ballooning in Atlantic's early years, and grantmaking was accelerating to keep pace, outlays in most of those years ran well above the level at which the institution could maintain its rate of spending and still sustain itself in perpetuity. By the time the Board chose a formal end date, the financial arithmetic had for years been telling a story of limited life and, in the meantime, of an expansive philanthropic vision unbounded by a wish to conserve capital forever.

In the boom years of the 1990s, the Atlantic endowment performed so well that the Foundation's staff felt increasingly hard-pressed to find worthy uses for all the money. Mr. Feeney even sometimes expressed anxiety in this period that the institution wasn't moving fast enough, or in his phrase "thinking big" enough, to realize its full philanthropic potential. Although the flood of unexpected wealth leveled off with the 2001 recession, the endowment continued to provide annual budgets that sustained dozens of initiatives and objectives, with room left over, much of the time, for exploring new ones. Meanwhile, Atlantic's closing date remained up to 15 years away — a virtual lifetime, in most of philanthropy. So while financial managers and the Board's Finance Committee were carefully shepherding the endowment toward an orderly, predictable conclusion, program managers were more preoccupied with the quality and effectiveness of grants than with the way those grants would someday end.

Consequently, until well into the 2000s, although planning documents always took due note of the time limit under which everyone was working, that limit imposed few practical constraints on Atlantic's strategic choices. Remove the names and identifying details from any of the Foundation's strategy memos in these years, and the result would be indistinguishable from a similar document written at a perpetual institution. The idea of an eventual "Final Chapter" was always implicit, but almost never front and center. The main challenge, as reflected in these documents, was the awarding of good, ambitious grants in pursuit of bold objectives, not bridling those objectives for an eventual period of shrinkage and decline.

All of that began to change in 2010, when Atlantic's then-CEO, Gara LaMarche, launched a series of discussions with the Board of Directors about what he viewed as the Foundation's final decade of work. (Although the Board had decided that the last grant commitments would be made within the next six years, Mr. LaMarche and some Board members nonetheless viewed the subsequent period, from 2017 through 2020, as a time of continued philanthropy, though on a reduced scale, as final grant commitments were disbursed, monitored, evaluated, and possibly adjusted.) At a Board meeting in September 2010, Atlantic's senior managers presented a list of "Spend-Down Principles" that described, in general terms, a course of action for the next six years of commitments, with some reflections on the three or four years after that.

The principles outlined how managers expected to plan and execute the Foundation's final rounds of commitments in the four programs and seven countries where it was active.[2] The presentation generated lively discussion among Board members, nearly all of it supportive, but no formal decision was taken or requested. A few weeks later the Spend-Down Principles were presented to the Foundation's staff as "working assumptions" on which a new round of strategic planning would soon be based, beginning in early 2011. A corresponding set of Human Resources Principles, also based on the Board discussion, was circulated to the staff a month later. Although both sets of principles were brief and open to interpretation, they constituted the first official statements about how managers envisioned the actual "Final Chapter," and how it would be planned, budgeted, and adjusted year by year.

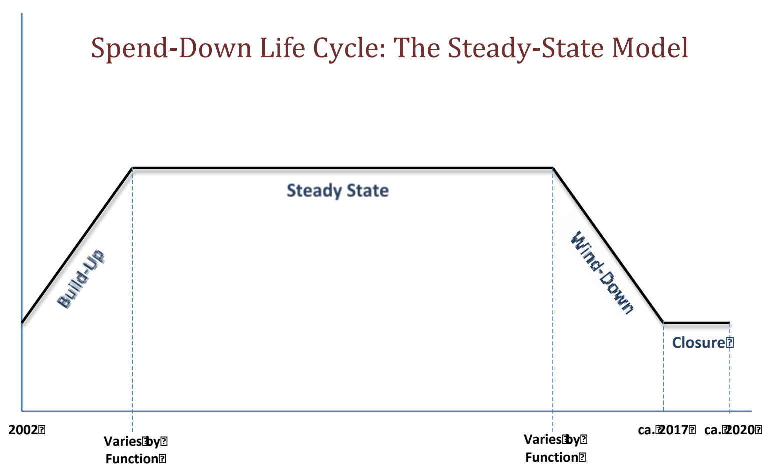
[2] At the time of the presentation described here, The Atlantic Philanthropies operated four regular grantmaking programs: in Aging, Children & Youth, Population Health, and Reconciliation & Human Rights. One or more of these programs is active in the United States, the Republic of Ireland, Northern Ireland, Viet Nam, South Africa, Cuba, and Bermuda. In addition, under a separate budget for Founding Chairman's Initiatives, Mr. Feeney had maintained an active program supporting biomedical research, health, and higher education in Australia, Ireland, and the United States.

The account presented here picks up the story of Atlantic's end-stage planning at that point. This is the third report in a planned series, describing how the Foundation — the largest charitable institution ever to put its full endowment to use in a fixed period of time — manages the complicated task of bringing a multibillion-dollar philanthropy to a close. In two earlier installments, the series described in detail the way the expectation of a limited life had affected Atlantic's financial management, its strategic approach to philanthropy, the attitudes and career plans of its staff, and the planning and execution of grants from year to year.

The more recent of the two reports concluded with the observation that in early 2011, "country and program teams were taking the first steps toward plans that will govern the critical final round of commitments from 2012 through 2016."[3] Yet as it happened, those plans were soon interrupted — and their likely outcomes significantly reshaped — by events of the next few months. As that report was being written, the institution was about to change leadership, and with that change, to alter in important ways the assumptions that would govern all of its remaining work.

Unsteadiness Over the 'Steady State'

The "Spend-Down Principles" of 2010 reflected one approach to ending a huge philanthropy. It was an approach with a long history at Atlantic, dating nearly all the way back to the Board's 2001 decision to expend its endowment within two decades. In financial and program plans drawn up in 2001 and 2002, this approach foresaw what came to be known as a "steady state" of grantmaking, with a relatively level amount of grants awarded year-by-year, dedicated to four main programs pursuing long-term goals and strategies. This steady stream of grants for each program would last approximately a decade, from 2005-06 through 2014-15, then taper down in the final two to three years, with zero new commitments after 2017. Thereafter, payments on prior commitments would continue to flow for two or three more years, and the endowment would be depleted by 2020.



Source: Deborah Philips, "Spend Down at The Atlantic Philanthropies," Presentation to the Atlantic Board of Directors, December 2005, slide 9.

Most executives and Board members understood that reality would not be quite so tidy as that description

[3] Tony Proscio, "Winding Down the Atlantic Philanthropies — 2009-2010: Beginning the Endgame," Center for Strategic Philanthropy and Civil Society, Duke University, 2012, p. 47.

suggests. In fact, annual outlays had rarely matched the steady-state target, and had sometimes exceeded it considerably. But program budgets were normally drawn up with the expectation that current work would remain on course, and the available funds were consequently allocated among the programs in relatively consistent proportions from year to year.

The idea of a steady state began mainly as a financial-planning device, an assumption about total outlays intended to guide financial planners. It was not, as one financial manager put it, "an implication that the grantmaking would not change. … [W]hat the money was committed to could change significantly." But within a few years the concept took hold in a broader way, at least among program managers. The expectation that current strands of activity would continue through 2016, with comparatively steady resources available to each country and program until close to the end, underlay most internal writing and discussion of the Foundation's work from 2002 through early 2011.

Not everyone was convinced that this expectation was realistic, even after making generous allowances for year-to-year fluctuations in spending. One Board member flatly said, in a 2009 interview, that a steady-state ending "will never happen. It's a fantasy to think that everything will coast along all the way to the end with the same objectives, and then in the last few years [all the Foundation's assets] will be liquid so we can just give the last of it away and we'll tie everything off and everyone goes home." This Board member had several theories of how programs and grant relationships might actually end. But "the idea of a steady course and a neat little conclusion? Not going to happen."

After the market shock of 2007-08 — the second time in that decade that Atlantic had had to trim its annual program budgets under pressure of recession and a bear market — several staff members were likewise beginning to doubt the presumed orderliness of the steady-state approach. Already, by 2010, annual outlays on the four core programs (Aging, Children & Youth, Population Health, and Reconciliation & Human Rights) were running at least $50 million lower than had been contemplated in the original steady-state model, due both to market factors and to changes in program priorities, including significant new grants initiated by Atlantic's Founding Chairman, Chuck Feeney. Meanwhile, senior managers were also adding new lines of grantmaking, beyond the four programs. For example, efforts to build movements for U.S. public-policy reform and to mobilize grassroots organizations had been added in 2009 and 2010, and were accounting for sizable new eight-figure sums flowing out each year. It was becoming more and more clear that additional economic shocks, major new program initiatives, or other unforeseen forces would be likely to make the projected outflow of grant funds anything but steady.

Most of all, members of the Board were becoming concerned that the steady-state model, especially when supplemented with recent initiatives, would leave too little room to pursue new ideas or seize any unexpected grantmaking opportunities in the final years. Several said that they would prefer to leave some resources unallocated so that they could be used for "big bets with a major legacy impact," as one put it. Some also expressed a concern that by allocating virtually all the available money to ongoing activity, including new initiatives by the Founding Chairman and senior management, the Foundation might risk ending up with fewer resources than expected for the final rounds of commitments. In that case, it might have to terminate ongoing programs in haste, leaving some work unfinished and ending relationships with grantees in a less-than-constructive way.

"That hypothetical wind-down at the end," one longtime staff member said, "could easily turn into a cliff, if we just barrel along [spending] at the current rate." Another staff member, half-jokingly, described this hypothetical worst case as a "Thelma and Louise" ending, referring to the 1991 Ridley Scott film that ends with the title characters gunning their car straight into the Grand Canyon. Reacting to that metaphor, another staff member elaborated: "The regular programs were spending at a slightly lower level, but in other areas we were actually increasing spending. There was no official theory about how this was all going to end, as far as I know, but it seemed that we were assuming it would all just wrap up quickly in the last few years, and until then, we had the pedal to the floor."

The discussions that Mr. LaMarche and Senior Vice President Marcia Smith initiated with the Atlantic Board in 2010 were partly intended, they said, to avoid those kinds of risks. Still, the principles they outlined were largely consistent with the basic steady-state philosophy. They proposed that some specific clusters of grants would end sooner than others, based on country-by-country judgments about which grants were more significant and successful, and which could be curtailed early. Each country's list of program objectives would be streamlined and focused, with fewer but larger grants as the end approached. But the essential commitment to each program and country — and to newly commenced efforts in public policy and grassroots mobilization — would continue all the way to 2016. More to the point, the general level of commitments in each geographic area would stay roughly steady. The ratio of operating expenses to grant outlays might decline somewhat, thanks to some planned efficiencies, but it would remain roughly constant through 2016 and then decline. In short, the vision was for the Foundation to continue pursuing big goals, and to aim its resources where the chances for success were greatest (just as perpetual foundations try to do), but not to shrink its strategic canvas in any significant way until it began switching off the lights at the end of 2016.

Alternative Visions of How a Foundation Closes

A somewhat different approach to winding down a large charitable institution might have begun with the hypothesis that the Foundation's interests, options, and priorities could start looking very different as its lifetime and resources dwindle. With only a few years left to operate, and with much less money in the endowment than managers and trustees had been accustomed to, it's possible that some ongoing objectives might begin to seem stale, compared with other possible uses of funds. Some current efforts may have reached the limits of their potential, and might no longer seem worthy to claim a major share of what little money remained. Other needs and new possibilities might seem more appealing, offering ripe targets that could lead to significant accomplishments in the time remaining. The prospect of an imminent closing might well sharpen the Foundation's alertness to such possibilities.

In this view, a more deliberate effort to end current work and free up flexible resources would need to start earlier than in the steady-state model — five or more years before the end — in order to exit responsibly while still leaving time to put the freed-up resources to good use. This would require program managers to be more aggressive in seeking out areas of current work that can be concluded early, whether because that work has already achieved its most important goals, or because it is unlikely to accomplish significantly more in the time remaining. The resources thus made available — including savings from reduced overhead and payrolls, as well as curtailed grant budgets — could then serve as a financial cushion, a provision for late-breaking opportunities, or both.

In this scenario, outlays in the last years might go up or down, depending on the performance of the endowment, the emergence of promising grantmaking targets, and the amount of money available each year. It would mean that ongoing grant programs that had been planned to last a few more years would instead have to wrap up sooner and possibly with less notice — a difficult process that some grantees and staff might well view as disruptive and dispiriting. But those disadvantages would be offset by the additional flexibility and security that would result: The risk of having too little money to finish constructively and creatively would be much reduced. And in the best case, if some unused money should be left over in the last year or two, it would surely not be hard to find good recipients among the Foundation's strongest and most effective grantees.

There are, of course, several other ways to spend down a charitable endowment as well. Some of these Atlantic had already rejected — for example, the possibility of reserving major resources until the final years to provide for large endowment grants. (To be precise, the idea had never found much support in Board discussions, but it was actually never formally voted down. The topic of endowments managed to resurface from time to time, and the 2010 Spend-Down Principles notably did not rule them out). But making endowment grants is costly, and resources to do so would have to be earmarked well in advance. For example, even in a much stronger economy than that of 2012, it could take up to $5 million to provide a single grantee with a dependable income of $200,000 a year.

A related approach to winding down — handing off less-liquid portions of the endowment to major grantees, so that they could use the proceeds to continue some of Atlantic's work — was also sometimes discussed among Board members and was reviewed in detail in the Investment Committee. But the Committee concluded that such transactions would be too complicated and demanding for any but the very largest grantees with professional investment staff. The list of suitable recipients was so small that the Committee deemed the idea impractical and chose not to forward it to the full Board. Other Board members appeared open to such ideas only if, toward the end of Atlantic's life, a specific pairing of assets and grantees offered the best way of achieving a strategic goal.

Another alternative would have been to close down a significant portion of the current programs well before 2016, and then use the final years to take a fresh look at previously unexplored possibilities, unconstrained by earlier budgets and boundaries. This blank-canvas approach might make room for major capital projects, expansions of important institutions, or other large-scale ventures that could make a dramatic difference in some field. This, too, was an option that Atlantic's Board had chosen not to pursue, although the idea did hold some appeal for at least one influential member: Founding Chairman Chuck Feeney. The relatively unplanned, large-scale, opportunity-driven approach to grantmaking is one he had long preferred and, as we shall see, it is one he continues to follow in his own work on behalf of the Foundation.

An occasion for reconsidering these various options came in early 2011, when Mr. LaMarche, nearing his five-year mark as CEO, left the Foundation. Board Chairman Frederick A.O. Schwarz, also in his fifth year, likewise stepped down from the chair and eventually left the Board. Both positions became vacant at the end of June 2011 and were subsequently filled by Chris Oechsli as CEO and Board member Peter Smitham as Chair. The arrival of new leaders offered an opportunity to pause and re-examine the kinds of models Atlantic ought to apply to its final phase of operation.

Accordingly, when the top positions changed hands in the middle of 2011, the strategic planning process that Mr. LaMarche had launched several months earlier was briefly suspended. At that point, the Board and Mr. Oechsli began to revisit and redefine their assumptions about how the next, probably final, strategic plan should unfold.

Over the next few months, the resulting changes began to be felt primarily in the grantmaking programs and in human resources, with lesser but still significant effects on financial management and planning. The next sections of this report examine the events of 2011 and 2012 in each of these areas, concluding with an overview of the ways in which Atlantic's future now differs from the one that seemed likely at the end of 2010.

I. PROGRAM, PART 1: A STRATEGY FOR THE CLOSING CHAPTER

Upon taking office in July 2011, initially as acting CEO, Chris Oechsli set out to design an end-stage planning process that would rest on a somewhat different model from the one Mr. LaMarche and Ms. Smith had proposed in 2010. On one hand he believed, along with the great majority of the Board, that it was important to reaffirm the continuity of the Foundation's fundamental values and approach to philanthropy, along with the basic four-program structure that Atlantic had followed since 2002. On the other hand, neither he nor most Board members believed that such continuity implied a commitment to maintaining every line of work in every location. On the contrary, it appeared that many on the Board considered it necessary to pare back current programs and reduce the institution's geographic footprint relatively soon, so as to begin husbanding some resources for the unforeseeable contingencies of the last five years.

While still in an interim position, Mr. Oechsli was not prepared to rule out any options or begin making long-term decisions. So rather than immediately resuming the full-scale strategic planning process that had begun to take shape under the previous leadership, he instead asked all program and country directors to prepare a written reflection on the current state of their work, and in particular to "assess where we can have most impact within the remaining life of the foundation." In a memo dated 29 July 2011, he asked the program leaders for "fresh personal thinking" in response to questions that included "how you see this work evolving over the coming years, … and how you intend to exit from the work."[4]

He asked for "details of any further grantmaking that you anticipate"; "what … can realistically be achieved by the time Atlantic exits [each] area of work"; and "the prospects for the sustainability of this work, and … how it will be achieved." It concluded by asking about evaluations or other measurements on which they would base their judgments about significance, impact, and sustainability. The questions did not necessarily point to any change of course in any particular program or location. But they clearly drew program managers' thinking directly toward how each "basket of work" should end, how soon, and with what result.

Although the memo didn't characterize this request as the start of a formal planning exercise, the significance of the questions was not lost on staff members. This was the first time the Foundation had solicited a statement from them specifically on how they envisioned the end of their work and what that ending would leave

[4] Quotations here and in the next paragraph are from Christopher Oechsli, "Articulating & Focusing Your Program Work," internal memorandum to Program Leadership, 29 July 2011, p. 1.

behind.[5] "In my mind," one program manager said, "that was Strategy Paper, Version 1. … My assessment was that, in the early stages, it was meant to provoke a step-change from the previous practice." It would not be long before responses to the July memo were, in fact, officially re-purposed as "Strategy Papers, Version 1." After several rounds of revisions, these papers would become the basis on which the future of each of the Foundation's lines of grantmaking would be weighed and ultimately decided.

First Principles

As responses to the memo were being drafted, Mr. Oechsli simultaneously set out to clarify the basic assumptions on which the eventual strategy recommendations should rest. In contrast to the "Spend-Down Principles" proposed in 2010, which focused mostly on timelines and priorities for the final years, Mr. Oechsli sought to start with a consensus around what he called "First Principles" — the fundamental values, strengths, and purposes that motivated the institution's grantmaking. From these, he reasoned, the choices about final budgets, priorities, and exits would more logically flow. He submitted a draft set of Principles to the Board at its September 2011 meeting and revised it based on the resulting discussion. It was approved in final form that December.

The document begins with a paragraph that sums up what would become the Foundation's overarching approach to the months of strategic planning that followed:

> Atlantic is a limited-life foundation with substantial but finite resources that will be invested over the next five years to maximize intended impact. Atlantic's comparative advantages and approach to grantmaking must be distinguished from those of perpetual foundations, which may be capable of investing in progress towards outcomes over the longer term. To be effective, our aspirations for change and impact must be informed by a modest and pragmatic appreciation of what is achievable in a cost-effective manner as a result of our efforts and support.[6]

Read too quickly, the statement's assertions can seem unremarkable, even self-evident. The great majority of foundations, whether time-limited or not, would emphatically say that they seek impact, pragmatism, and cost-effectiveness. But in Mr. Oechsli's deliberations with the Board, and later in the staff's painstaking review of the program strategy, these terms took on a precise and sharp-edged meaning.

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[5] Five years earlier, an internal Spend-Down Team had also asked program managers about the final stages of their grantmaking, but that effort focused on the kinds of administrative and technical support they might need in the final years, not on when and how specific clusters of grants would end. In any case, the Team's efforts were soon judged to be premature, and it was disbanded. For details, see Tony Proscio, *"Winding Down The Atlantic Philanthropies, The First Eight Years: 2001-2008,"* Center for Strategic Philanthropy and Civil Society, Duke University, 2010, pp. 49-57.

[6] "Atlantic Grantmaking First Principles," statement adopted by the Atlantic Board of Directors, December 2011, p. 1. Quotations in the next three paragraphs are from the same source.

The paragraph begins by contrasting the need to "maximize intended impact" during a limited life with the luxury of "investing in progress towards outcomes over the longer term." In that context, "impact" is fundamentally different from "progress." Henceforth, the Foundation would define objectives aimed at creating *tangible, visible,* and preferably *measurable* effects — within, or close to, the Foundation's actual lifespan.

Atlantic would not, as it had sometimes done in recent years, put principal emphasis on creating movements, strengthening leaders, organizing constituencies, and cultivating nascent fields of practice from which great outcomes could eventually flow. Its decisions about what to do in its final years would put a premium on what could be achieved during or close to those years, not on what seeds could be planted for a later harvest. The Foundation would continue to support advocacy of public-policy reforms, but only with near-term aims, associated with "significant but achievable milestones and objectives." Grant recommendations, the statement emphasized, would define the "precise benefit … to be achieved" and would "offer the promise of significant, precise, and realistic impact and the capacity for sustaining the intended change and impact." As if to foreshadow a theme that would dominate the next six months of planning, the document used the word "impact" seven times in three-dozen lines.

Other consistent themes in the First Principles document were its emphasis on focus, precision, and leverage (meaning the attraction of financial support from other philanthropies and government). It emphasized flexibility "to act on compelling opportunities within our competencies and experience, subject to good evidence of prospective impact." And it reaffirmed the Foundation's commitment to Chuck Feeney's motivating philosophy of Giving While Living. In these respects, the Principles were not markedly different from the statement of "Legacy and Purpose" that the Board had adopted in 2003, when the current four-program structure was adopted. But while that earlier statement focused mainly on results that "we would like to be remembered for," the new set of principles were far more specific about how and when those results would be accomplished, judged, and deemed to be finished.

"I thought that was a great step forward," a longtime Board member said, looking back after roughly one year. "It was a good foundation on which to construct a detailed plan for the final years. Because if you don't have those principles, a clear agreement on what the basic goals are, and on what is a good grant and a not-so-good grant, you can't stay focused."

Focusing, Refocusing, and Focusing Again

As the First Principles were being discussed and revised, the themes of impact, sustainability, focus, precision, leverage, and flexibility were likewise becoming the guiding concepts behind a renewed strategic review. The review was formally launched a few weeks after Mr. Oechsli was named the President and CEO in

September 2011. Its goal was to produce at least preliminary options for the Board to consider at its December 2011 and March 2012 meetings. Starting with the analysis that went into the "Version 1" strategy papers, program staff in the United States, Bermuda, and Cuba prepared to submit concrete recommendations and proposed budgets to the Board in December. Allowing for time to compile, print, and circulate the Board docket books before the meeting, that meant the executives who would be presenting these first strategy papers would have less than one month to complete their assignment. The remaining presentations would be in March.

Program and country directors were asked to prepare a slide presentation summarizing how they proposed to narrow and focus the grant portfolio in their areas, how they assessed their progress on each of their current objectives, what impact they envisioned in each case, and which objectives could be brought to a close in the coming year. An accompanying narrative, based on the papers prepared during the summer, would provide some additional detail, likewise broken down objective by objective. Finally, each program and country would compile an "indicative pipeline" of grants — in effect, a working estimate of which commitments would be proposed each year through 2016, showing totals for every cluster every year. The details of these pipelines were not yet expected to be ready for Board consideration, but they were meant to provide a reality check to determine how the broad strategies would work in practice. And they could serve as a basis for calculating aggregate budgets for each cluster of grants.

It was an enormous assignment that would be performed under two separate but cumulative forms of pressure. The first and most obvious was time: Especially for those making the first presentations in December, it would be necessary, in effect, to sketch out every grant in every line of work for each of the next five years, and sum up how each grant relationship would be completed and what they would collectively accomplish, all in roughly three weeks. It was understood that these forecasts remained hypothetical, especially with regard to the outlying years, and would likely be revised over time (hence the word "indicative"). But staff members nonetheless had less than a month to pencil out five years of activity, grant-by-grant, with amounts and purposes for each.

The second form of pressure was psychological. The planning exercise was more than a technical challenge; each item in the pipeline, and each slide and page of text, also represented a kind of obituary for some line of work to which, in many cases, staff members had dedicated years of effort. Some of the farewells would be deferred for a few years; others would be much more immediate. But all of them would now bear an explicit end date. Furthermore, staff members had no illusion that the various strategies, budgets, and end dates would all be approved as submitted. These were merely proposals. Some lines of work might well be terminated sooner than proposed, or be allotted fewer resources than requested, or both. Many staff members believed, with some justification, that the quality of their analysis and their defense of each line of work might well make the difference between continued operation and early demise.

Throughout the drafting process, every element was reviewed and questioned personally by Mr. Oechsli and Martin O'Brien, who was named Senior Vice President for Programs in November 2011 (and had already been functioning in that role for some months). These top-level reviews were intended, through multiple rounds of revision and re-examination, to sharpen the focus, quantify judgments about progress, question the expected impact, and press for economies and efficiencies wherever possible. "Each time," a staff member recalls, "the response was, 'More focus, more impact.' We focused, refocused, and then focused again."

Even after the drafts had passed preliminary muster with Messrs. Oechsli and O'Brien and been allowed to go forward to the Board, it was understood that they remained aspirational (staff members referred to them informally as "bids"). The Board would likely do some refocusing of its own, and might well tighten the prospective budgets and timelines further. Likewise, the two senior executives withheld their own final judgment, making it clear to the rest of the staff that they might still end up recommending smaller or briefer lives for some of the work being presented. Papers and slides that had been presented to the Board were not considered final in any respect; the analysis and indicative pipelines continued to be reviewed and revised after the Board meeting, often in several iterations that continue even as this is being written.

In a memo to the Board accompanying the first program reviews in December 2011, Messrs. Oechsli and O'Brien set the context for the proposals this way:

> If all grant recommendations are approved at the December Board Meeting, the current base case assumption is that the foundation will have a further $1.75 billion to commit over the coming five years. Our mandate now is to determine how to maximise the potential impact of those resources. At the same time, we are facing the significant challenge of ultimately exiting responsibly from all of the relationships, fields and geographies in which Atlantic is active. Until recently, the presumption at the staff level was that we would complete grantmaking in every area in 2016, but, as everyone now recognises, we must exit many areas sooner than that. … To maximise Atlantic's impact in our limited life, we have to examine those areas in which we have institutional experience, sharpen our focus around realisable gains, and make difficult choices. We also have to retain some capacity for flexibility and opportunity. …
>
> Specifically, we have been working with staff to encourage their identification of 'the prize' — the ultimate achievement, or the milestone in the journey to that achievement, that Atlantic can realistically expect to realise. We have asked each programme to winnow their objectives and to offer an indicative pipeline of grantees and grants to estimate the 'price tag' of the work they believe necessary to reach their goals. … [S]taff have themselves proposed as a first step that they reduce their work from 14 objectives and 43 clusters of work, to 11 objectives and 21 clusters in 2012,

> with further reductions to follow as strands of work are brought to a close prior to 2016.[7]

They asked that Board members discuss and question the December proposals and make suggestions, but reserve judgment on them until seeing the remaining presentations — from Ireland, Northern Ireland, South Africa, and Viet Nam. Those presentations came at the next meeting, in March 2012. At that point, Mr. Oechsli suggested that the Board take the next three months to judge the strategic recommendations in light of at least eight criteria:

- Is there a realistic prospect for major or transformational impact?
- Is there a track record/sign of traction, including evidence of improved lives, reformed government policies, or measurably improved practices?
- What experience does Atlantic have in the field and issues?
- Do we have talented and knowledgeable staff working on it?
- How significant a role does Atlantic play in the field, whether as a funder, leader, or advocate?
- Does the cost represent good value for money, relative to the likely outcome?
- Is the issue clearly focused on people who need change the most, with evidence that it is likely to make a significant difference?
- Are the strategies responsive to the reality of Atlantic's departure?

Impact, Opportunity, and Exit

Based on these questions, as well as others that individual members brought to the discussion, and armed with final recommendations from Messrs. Oechsli and O'Brien, the Board devoted its June 2012 meeting to sorting through the various proposals and setting new boundaries on the program portfolio. It decided, among other things, that the Atlantic programs in South Africa and Viet Nam would complete their grantmaking by the end of 2013. Monitoring, evaluation, and dissemination of lessons would continue for a while beyond that point, and some staff members might continue to work on those tasks, either as employees or consultants. A decision about whether to maintain offices beyond 2013 would be made based on how the remaining work was to be accomplished, and on the specifics of each lease. The program in Bermuda would also end its work in 2013, though a portion of the office would likely remain open, because it is Atlantic's worldwide headquarters. The office that had handled Mr. Feeney's initiatives in Australia had already closed, and grantmaking there would cease quickly.

Of the Foundation's 43 official program objectives, 20 would be wound down in the next 18 months. That amounted to a 47 percent reduction in the number of grantmaking categories, with at least one objective in every country coming to an end. The narrowing of focus, managers believed, would not only concentrate the staff's attention, but it would free up resources for redoubled effort on the

[7] Christopher G. Oechsli and Martin O'Brien, "Programme Strategic Review," Memorandum to the Atlantic Board of Directors, 18 November 2011, pp. 5-6.

remaining objectives and for unanticipated future opportunities. The final budgets attached to the surviving lines of work were some 20 percent lower, in aggregate, than the amounts requested in the original "bids."

In countries whose work would continue beyond 2013, some significant priorities would nonetheless be wound down sooner. These included investments in advocacy and civil liberties organizations in the United States and Ireland, efforts to improve public debate on fiscal policy in Ireland and Northern Ireland, and research in chronic diseases in Cuba. By paring away activity in three countries and several lines of work — each of which enjoyed strong support among at least some Board and staff members — the goal was to double down on "the highest and best use of the Foundation's remaining resources."[8]

In the management analysis submitted in June — which the Board largely adopted when it formally approved the final strategy — Atlantic's entire program portfolio was sorted into three categories. The first contained branches of work in which "there is a realistic opportunity to make significant, large-scale change," and therefore the ongoing work should continue. The second contained areas where the Foundation program had *already* made significant impact, but needed a short additional period of time "to consolidate the gains and leave a lasting legacy." In the third category was work in which "we don't see an opportunity for further significant impact, and Atlantic will exit expeditiously."[9] Even in countries where offices were scheduled to close, there remained some work that was classified in Categories 1 and 2. Over the coming months, these would presumably be considered for terminal grants that might extend over two or more years to help them fulfill their near-term potential and consolidate the gains they had made.

For example, the first category included Atlantic's 19-year-long contribution to clarifying and solidifying constitutional rights in South Africa — work that the public-interest bar and many significant nonprofits in that country considered historic and unique. Although the grants made in 2013 would be the last in this series, some of them might be multiyear grants that could sustain, for a time, efforts that had begun earlier and were on track for significant achievement. In the second category, one item was a longstanding initiative to "embed the maturation of public health development in Viet Nam." For more than a decade, Atlantic had underwritten a sweeping national movement for public health across the country and enriched public policy on health at every level of government. This, too, would presumably continue for a short time, under one or more parting grants that would last beyond the closing of the Viet Nam office in 2013.

Several of the priorities in Categories 1 and 2 involved investments in "anchor" organizations — strong, influential grantees (including universities, health

[8] Christopher G. Oechsli and Martin O'Brien, "Program Strategy Recommendations for 2012-2016," Memorandum to the Atlantic Board, 4 June 2012, p. 26.
[9] *Ibid.,* p. 25.

institutions, and highly regarded nongovernmental organizations) that had been pivotal in achieving past successes and that might constitute a long-term legacy. A good deal of the work in these first two categories was also aimed at advocacy, in the hope of injecting the lessons of Atlantic's grants into public debate and ultimately into government policy and funding. Another consistent theme was evaluation, and particularly the publication of lessons from evaluations — "to disseminate the learning which we and our grantees have already gathered, and to map out a comprehensive evaluation plan for the remainder of the work."[10]

Finally, Category 3 contained activities that had achieved most or all of what they had set out to do, or had reached a logical stopping point. Examples included efforts at reintegrating ex-combatants into the normal economy and community life of South Africa — a line of work that had become part of mainstream government policy — or the pursuit of a Children's Rights referendum in Ireland, which was overwhelmingly approved in a popular referendum in November 2012.

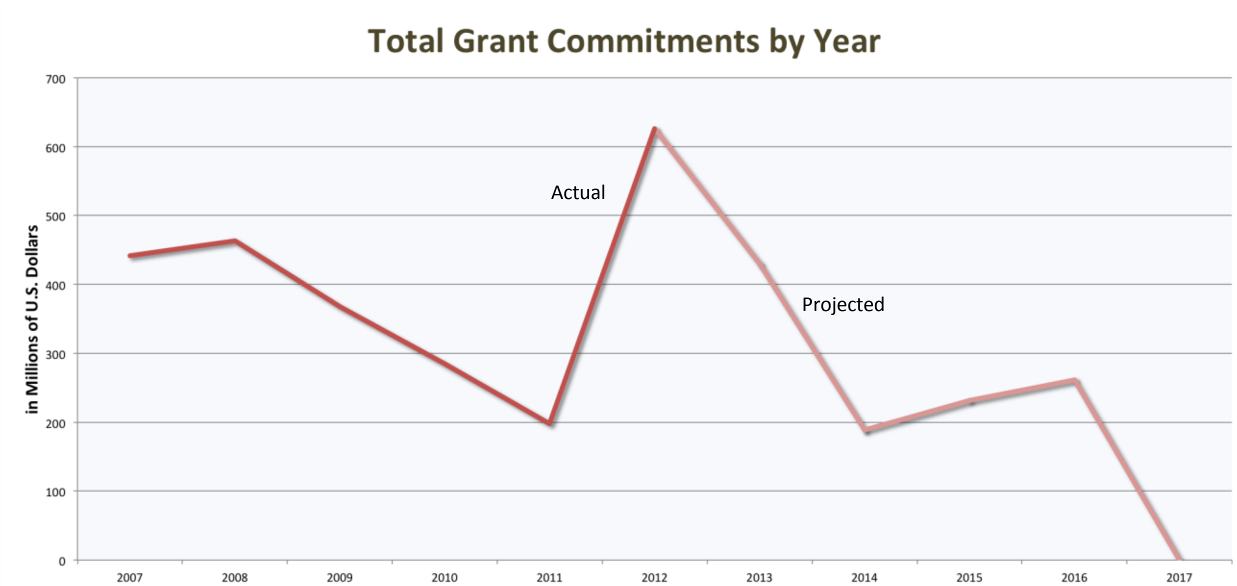
Other examples, however, involved work that was nowhere near completed, but that was being pursued over the very long haul, often by small grassroots organizations. Many of these efforts had been conceived or expanded under a "social justice framework" that Atlantic had applied to much of its work in recent years, but that had begun to fall out of favor after the leadership transition. In these cases, Atlantic's management and Board now reasoned that, regardless of the value of the work, its long time horizon, broad goals, and reliance on relatively small grants made it a poor fit with a Foundation that was preparing to end its grantmaking in a few years. The Board's desire to "focus on targeting and articulating specific and demonstrable gains," as one senior manager put it, also argued against embracing social-justice goals that can be difficult to quantify. Some Board members also felt that the emphasis on social justice as a guidepost for most or all grantmaking ran the risk of entangling the Foundation too deeply in what one member called "partisan conflicts and political agendas."

In the end, although the principles of social justice lived on in several Atlantic initiatives — such as health care for disadvantaged children, immigrants' rights, and criminal justice reform — both the phrase and the world-view behind it were intentionally dialed down in the strategic review. Many lines of work assigned to Category 3 reflected that reduction in emphasis.

Projects that aimed at building broad fields and movements were also among those most likely to land in Category 3, not because they were perceived as unworthy, but because their time horizon was too long for Atlantic's limited life. "It was hard to imagine," one manager commented, "what the legacy would be of a partially built field." Noting that robust fields and movements can take several decades to jell, this manager added: "There is a difference between very good, compelling work and very good, compelling work that can produce solid results in the time remaining.

[10] *Ibid.*, p. 46.

Given that a few years is all we've got, we have to concentrate on the latter. But we can move toward building strong anchor institutions to support some of the fields we have been involved in."



Nonetheless, even in Category 3, the plan was for Atlantic "to exit in a thoughtful way that doesn't do damage and heightens prospects for groups to secure additional resources or wind down in a planned and effective way."[11] How this would work, and how the ambitious objectives in the first two categories would be achieved in the remaining five years, would gradually be spelled out in the "indicative pipelines" that were still under development. Between autumn 2011 and the late spring of 2012, as one staff member put it, "the focus was on getting the narrative right, getting clarity on budgets and timelines. The narrative would tell us what we're planning to do, the slides [accompanying presentations to the Board] will tell roughly what that would cost. And now we have to interrogate the pipelines to see how we're going to use those resources to accomplish what we said we would do." (A complete listing of objectives by category is attached as an appendix to this report.)

Deliberation over the pipelines is still in early stages as this report is completed. Managers have asked the program staff to develop matrices that associate the various objectives to succinct theories of change — brief statements of what each strand of work is expected to accomplish and how — and breaks them down into component grant clusters with associated budgets. The matrices, at the time of this writing, are far from complete or final. The continuing process of compiling and critiquing them is expected to have further consequences on the allocation of

[11] *Ibid.,* p. 45.

resources among programs, and even on the total amount of resources available for them.

Some of the resources that have already been saved through this focusing and winnowing process have been set aside for a $200 million-plus Global Opportunity and Leverage fund, to be known as GOAL. It would be a kind of special-projects reserve with which to "pursue as-yet-undefined opportunities" that promised exceptional benefits and a chance to draw significant investment from other sources. Or it might be used to "enhance or complete" current work — perhaps by distilling and disseminating the lessons learned, or by encouraging replication of successful projects in more places. Grants from the fund would not be in wholly new areas of activity, but would seek out previously unexplored areas within the general boundaries of current programs. Messrs. Oechsli and O'Brien suggested these issues as likely targets of GOAL support:

- Immigration
- Biomedical research: fellowships, exchanges and strengthening networks
- Prevention and early intervention for children and young people
- Primary health care
- Dementia
- Age-friendly policies
- Palliative care
- Reconciliation/conflict resolution
- Shared education [i.e., inter-sectarian school programs in Northern Ireland][12]

Yet apart from setting out these general ideas, most of the GOAL Fund would remain on hold for the present. After nearly a year of painstaking attention to the current program strategies, both the staff and Board felt there would be enough to do in the coming year just moving the new plans toward implementation. New ideas and variations could wait until the regular work was securely on track, exits were under way, and the dust of the past years' efforts had begun to settle.

In the meantime, however, in one area of the Foundation's work the likelihood of surprise remained wide open: the initiatives of Founding Chairman Chuck Feeney.

II. PROGRAM, PART 2: THE FOUNDER'S VISION

At 2:56 p.m. on December 16, 2011, the blog maintained by *The New York Times* City Desk posted a "startling," and partly mysterious, development in the competition to create a new high-tech university campus in New York City. Until that day, Stanford University had been considered the frontrunner in a tight contest

[12] Ibid., p. 48.

with Cornell University for the right to develop a city-subsidized graduate campus on Roosevelt Island. Then suddenly, in a press release at 2 o'clock that Friday afternoon, Stanford dropped out of the competition. The reason was that Cornell was about to announce a $350 million donation in support of its plan for a campus jointly operated with Technion, the Israel Institute of Technology. "Officials said Stanford had dropped its bid in part because it was being outpaced in fundraising by Cornell," *The Times* wrote. "Cornell did not identify the source of the $350 million, the largest donation in its history."[13]

Close observers of Atlantic's past support for Cornell could not have had much trouble guessing the identity of the donor. Chuck Feeney, a Cornell alumnus, had been directing major support to the university ever since his Foundation was created, in amounts that by 2011 were approaching a billion dollars in aggregate. All of that support had been delivered without fanfare; before 2001, like all Atlantic grants in those years, it had been strictly anonymous. At other universities, medical centers, and research institutes in at least six countries, Mr. Feeney had originated Foundation investments amounting to billions of dollars for biomedical and other high-tech research. Given that record, the sudden appearance of a major grant to Cornell, from an unnamed donor, for a signature tech campus (where biomedical research would be a prominent feature) bore all the hallmarks of Chuck Feeney's involvement. Sure enough, three days later *The Times* identified the mystery donor: "Officials at Atlantic Philanthropies confirmed on Monday that it was Mr. Feeney."[14]

Like most of the Founding Chairman's major investments, this latest one had been kept close to the vest. Apart from Mr. Feeney's general commitment to biomedical research and higher education, there existed no plan, program, or forecast that described where he intended to invest or how much money he might seek to award to which recipients in any given year. Asked once what he believed was the best approach to strategic planning, he responded simply, "In my experience, one good project leads to another." Those who witnessed the astronomical growth of Duty Free Shoppers, the international retail enterprise that was the source of most of Mr. Feeney's and Atlantic's wealth, knew he had a chess master's gift for intricate, long-range thinking. But if he thought of these calculations as "plans," he rarely discussed them and almost never committed them to paper. To most of the Atlantic staff, the Cornell grant came as a complete surprise. And although this grant was significantly larger than earlier ones, it was the kind of surprise that they had experienced many times before.

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[13] Richard Pérez-Peña, "Cornell's Bid for City Campus Gains and Stanford Bows Out," City Room, *The New York Times,* 16 December 2011, accessed on 30 August 2012 at http://cityroom.blogs.nytimes.com/2011/12/16/stanford-drops-bid-to-build-high-tech-campus-in-city/

[14] Richard Pérez-Peña, "Cornell Alumnus Behind $350 Million Gift to Build Science School in the City," *The New York Times,* 20 December 2011, p. A-29.

An Entrepreneur's Approach to Philanthropy

Arguably the most unusual feature of The Atlantic Philanthropies is the odd juxtaposition of Mr. Feeney's highly personal, episodic style of grantmaking — seizing opportunities wherever they may arise in his travels, and focused overwhelmingly on advanced education and research — with the meticulously planned and methodic operation of the rest of the institution, which focuses mostly on other issues. To be sure, education and health are bedrock features in several of the Foundation's ongoing programs, and it is easy to find instances of spontaneous and enterprising grantmaking in each of them. But grants from the institutional programs, even when they do relate to education and health care, tend to be governed by deliberate, finely calibrated strategies that aim to bring about changes in policy or practice in some field of human service, typically over many years. Some of these focus on great institutions, buildings, and other large capital projects, but in most cases those are tactical elements of the program, not the core. And virtually all grants in the institutional programs go through months of deliberation and review among staff and Board members before they are approved.

Mr. Feeney, by contrast, conducts his own grantmaking much as he did his business: by spotting and seizing opportunities for exceptional return, usually by creating or expanding great enterprises and often by making a transformative investment in real estate. Although as a philanthropist his focus has shifted from profit-making businesses to nonprofit education and research, many of his grantees can nonetheless point to revenue-generating ideas on their campuses (including gift shops and other retail sidelines) that benefited from Chuck Feeney's business instincts and guidance.

In Australia — a country where the rest of the Foundation had not been directly involved for many years[15] — Mr. Feeney has made $500 million in grants to 12 biomedical institutes of international stature. These include a $32 million grant in 2009 to the University of Queensland to create a new Translational Research Institute dedicated to the discovery, production, clinical testing, and manufacture of new biopharmaceuticals — the first of its kind in the southern hemisphere. At the University of California at San Francisco (UCSF), Atlantic grants by Chuck Feeney have totaled roughly $300 million at the time this is written, including $20 million each for a Global Health and Clinical Sciences Building and a Cancer Research Building, and $125 million for a Cardiovascular Research Institute. His support has completely transformed the university's Mission Bay campus, enabling the development of a massive new hospital complex, to which he contributed another $125 million. Mr. Feeney's intent is no less than to see the campus become "one of the major bioscience centers of the world." In all these cases, major matching

[15] Atlantic's Viet Nam Programme has continued making grants to Australian institutions, amounting to more than $100 million at the time this is written. But these have been primarily for work performed in Viet Nam, not in Australia, and have been intended to contribute to Viet Nam's education and health sectors. Mr. Feeney's grants, by contrast, have been aimed at improving health, education, and advanced research within Australia itself.

donations multiplied the effect of Atlantic's dollars while drawing new donors into the causes and institutions that Mr. Feeney supported.

Among foundations with living, active donors, Atlantic's juxtaposition of two different types of grantmaking — one personal, the other institutional, and both on separate programmatic tracks — is exceptional. Most of the time, if donors want to be involved in philanthropy, they seek to exert some degree of control over all the grants made from their wealth. Even at the world's largest private philanthropy, the Bill and Melinda Gates Foundation, whose annual giving is roughly 10 times the size of Atlantic's, every major initiative must first pass muster with the founders. At Atlantic, by contrast, although Mr. Feeney has sat on the Board of Directors for three decades and generally supported the work of the institution's four programs, he has had little more to do with their scope and direction than has any other Board member. (In 2012, he even gave up his formal seat on the Board, though he continues to originate grants, subject to Board approval.)

Mr. Feeney candidly admits that there are some elements of Atlantic's regular programs that do not interest him much and that he would not have pursued on his own. In some of the last meetings before he left the Board, he dissented openly from some lines of institutional grantmaking. But that has been a relatively recent, and somewhat episodic, change of pattern. For well over a decade, he had preferred to leave the other programs to their own course, and to save most of his energies for an intensive, firsthand involvement in the grants that he does shepherd — on which he sometimes works as closely as any full-time Program Executive. That level of involvement would not be possible if he were also reviewing and strategizing over all the Foundation's other grants. For those other activities, he says, "You want to have smart people around to advise you, and then you listen to them."

Whatever his personal preferences, Mr. Feeney has been content, for much of Atlantic's history, to accept and defer to the Board's stewardship over what has amounted to roughly two-thirds of Atlantic's annual giving, on average. That has freed him up to remain personally engaged in the remaining one-third or so (the actual percentages vary considerably year-to-year). To say that the arrangement is unusual in the history of living donors would be an understatement. But it has suited Mr. Feeney — and that, in his view, has been the point: "Not everybody would do it this way, and that's fine. You find what works for you."

One reason this arrangement is so rare is that most donors are eager to talk about what they want done, and don't hesitate to give precise, detailed instructions to the staff and trustees who work with them. Mr. Feeney, by contrast, has been uncommonly reserved in his opinions about how the "smart people" should manage the institution. He has become considerably more vocal about some lines of grantmaking in recent years, expressing impatience with some lines of work and questioning methods in others. But even in those cases, he has expressed his opinions more in reaction to ideas put forth by staff members than as guiding prescriptions for what he would like to see done.

There have been exceptions to this rule, though only intermittently, and they still amount to far less direction than a typical living donor would give. In one case, for example, Mr. Feeney told his fellow Board members: "I personally have an affinity for good capital infrastructure projects — I understand them and have a passion for executing them well. These types of projects also lend themselves to larger grants; allow for more in-depth and longer-term relationships; attract private and public co-funding; and, generally, require less administration, staffing and cost per grant dollar." Nonetheless, such statements have tended to come relatively late in Atlantic's life — long after the programs were designed.

Longtime associates and employees point out — sometimes with fascination, sometimes with frustration — that Chuck Feeney rarely gives direct answers to questions that take the form of, "What should we do?" He tends to be diffident even in describing his own work. When a *Forbes* editor was reporting a story on philanthropists for the magazine's October 2012 edition, he found that direct questions posed to Mr. Feeney generally elicited roundabout answers, usually ending with examples rather than concepts. "Feeney prefers showing to telling," the reporter concluded.[16] This has been equally true in his approach to grantmaking — both his own grants and those of the rest of Atlantic. He pays close attention to products and results, but has little passion for plans, guidelines, and abstractions.

The unpredictability of this approach may be another reason why it is comparatively rare in philanthropy. For financial managers, the possibility that any given year might bring news of an unplanned $350 million commitment like the latest one to Cornell — larger than Atlantic's total commitment budget for an average year — is obviously not for the faint of heart. (The sum will actually be paid out over the better part of a decade, thus somewhat reducing the demand on any given year's cash flows.) So long as the endowment was still growing, and even as it was beginning to decline but was still very large, the unplanned, up-and-down nature of the Founding Chairman's grantmaking was a source of concern for financial managers, though not a great one. But as the endowment begins to shrink substantially — and while a portion of it continues to be invested in relatively illiquid assets — it becomes increasingly important to ensure that enough cash is on hand, year by year, to cover the Founding Chairman's grants as well as those of the rest of the programs.

Mr. Feeney continues to show a predilection for big, high-impact opportunities, though the pace of his work has been slowing somewhat. As Atlantic's end approaches, any new major grant prospect that he may uncover will need to be weighed against the Foundation's other late-stage obligations. In particular, as Atlantic seeks to conclude its relationships with current grantees responsibly and

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[16] Steven Bertoni, "Chuck Feeney: The Billionaire Who Is Trying to Go Broke," Forbes, 8 October 2012, accessed on 12 October at http://www.forbes.com/sites/stevenbertoni/2012/09/18/chuck-feeney-the-billionaire-who-is-trying-to-go-broke/

effectively, its staff will need to have substantial resources on hand and be able to make multiyear grant commitments to wind those relationships down.

Still, in Mr. Feeney's view, the rewards for his kind of large-scale, opportunistic philanthropy more than outweigh the difficulties associated with it. "Grants for physical infrastructure in dynamic, high-potential environments," he has written, "create, enhance, and endow key centers of knowledge, education, service, and research with lasting resources to do what they can do best." With this kind of philanthropy, he believes, "Atlantic can leave a valuable legacy for lasting change at many levels, from improved services to policy changes."

The Leading Voice for 'Giving While Living'

Apart from the projects he has personally supported, and the provision of his entire fortune for Atlantic's grantmaking, Chuck Feeney's other prime contribution to global philanthropy has been his advocacy of the idea that great wealth provides a uniquely satisfying opportunity to do good in the here-and-now — that "money raised for philanthropy [should] be spent at the time that it's raised, or close to it." He has summed up the idea as "Giving While Living," and has made present-tense philanthropy a personal cause in his later years.

It is striking, to be sure, that someone who spent decades keeping every dollar of his giving a tightly enforced secret — not a single building, anywhere in the world, is named for him — is now welcoming opportunities to make his case about philanthropy, at least on occasion. That case has little to do with the specific causes and institutions he has supported. Those particulars, he believes, are bound to be different for every philanthropist. Instead, his message is about the joy of choosing your own fields of expertise and interest, and then taking a firsthand role in seeing your wealth benefit others while you still have the time and strength to enjoy it. It is a point he made with particular emphasis in a 2011 letter to Bill Gates and Warren Buffett, sponsors of the Giving Pledge: "I cannot think of a more personally rewarding and appropriate use of wealth than to give while one is living — to personally devote oneself to meaningful efforts to improve the human condition. More importantly, today's needs are so great and varied that intelligent philanthropic support and positive interventions can have greater value and impact today than if they are delayed."

It is this desire to see more great fortunes used for immediate philanthropy that has led Mr. Feeney, at the beginning of his ninth decade, to become something of a spokesman for the cause. In addition to the *Forbes* article, in 2012 alone he was featured in news stories on the CNBC network, in *The New York Times, The Financial Times*, and other U.S. and international publications. In Ireland and Northern Ireland, he enjoyed prolific coverage in virtually all the national newspapers and on the RTÉ broadcast network. (In *The Irish Times,* the prominence, frequency, and worshipful tone of reporting on Mr. Feeney reminded one reader of the paper's coverage of the Irish rock star/philanthropist Bono.) Recent years have brought a spate of public honors and awards — something he had avoided for most of his life — that helped draw welcome publicity to the pleasures of Giving While Living. In 2010, Cornell conferred its Icon of Industry Award on Mr. Feeney; two years later he received the UCSF Medal, the university's highest honor, as well as an unprecedented joint honorary degree from all the universities of Ireland, both North and South.

Worldwide coverage of Mr. Feeney — stories appeared even in relatively unaffected places such as France and Italy — overwhelmingly focused on the theme of Giving While Living. Although he hardly ever sought out this coverage himself — most of it came in response to news releases by the Foundation's communications department, which bore the responsibility of dealing with reporters and fielding inquiries — he never objected and sometimes cooperated. Typical headlines were "The Reluctant Billionaire," (*The Financial Times*), "The Billionaire Who Gave It All Away" (*The Irish Times*), and "Philanthropist Wants to Be Rid of His Last $1.5 Billion," (*The New York Times* and the *Huffington Post*). Several publications reprinted all or part of the *Times* story. The news hook of much of this coverage was the closing of The Atlantic Philanthropies and the announcement of its "Final Chapter." But virtually all of it was viewed through the lens of Mr. Feeney's personal generosity and his determination to put his wealth to charitable use while he is still alive.

Grantees who experienced the decades of anonymity — when grant letters routinely threatened total forfeiture if the identity of the donor was disclosed, even to people inside the recipient organization — this burst of publicity seemed particularly remarkable. But to Mr. Feeney, it was a logical final step in his philanthropy. It was a good way to ensure that, now that his fortune would soon be gone, other people's fortunes would follow.

In the meantime, the disposition of the final — and now famous — $1.5 billion (actually $1.7 billion, far from a rounding error) would need to be managed with even more than the usual care. All of it, after all, would be going to organizations that would shortly have to manage without any hope of another grant from The Atlantic Philanthropies.

III. PROGRAM, PART 3: PICTURING A FUTURE WITHOUT ATLANTIC

Even before the strategic review of Atlantic's four programs was finished, and well before it was known for certain which lines of grantmaking would end first, a staff team had begun thinking about how the Foundation should manage its terminal grants and how best to tie off its relationships with grantees. "Over the next few years," team members wrote to their colleagues at the end of 2011, "all of our grants will become exit grants, and there is therefore a need for us to consider carefully both how we manage these grantee relationships and how we target resources effectively in the context of a limited life."[17]

These questions are more difficult for Atlantic than for some other limited-life institutions, for two reasons. First the Foundation's size, and the amounts of money it has invested annually in a small number of program areas, makes the scale of its departure particularly consequential for the fields and countries in which it works. Second, several of those fields are thinly funded, particularly in certain countries, and the economy of 2011 and 2012 was not particularly fertile for new philanthropy that might arise to fill the gap.

For example, the field of aging is not one that attracts sizable support from U.S. foundations, so Atlantic's departure could mean the disappearance from this small field of some $20 million in annual giving. An even starker case is in the Republic of Ireland, which has only three or four foundations, all of them comparatively small, and one of them set to close even before Atlantic does. There, the closing of Atlantic will mean the end of $40 to $50 million a year in aggregate contributions. The situation is similar in South Africa, where there are many foundations but few large ones. The overwhelming majority of South African donors concentrate on scholarships and other direct benefits to individual needy people, not on larger causes like constitutional democracy, rural poverty, or primary health care. Consequently, Atlantic's impending departure could mean the end of some $20 million to $25 million in annual support for health and human rights.

In light of these limitations, the "exit team" members wrote, "It is important that we do not assume that it is our 'duty' to sustain all of our grantees. In many cases our programme work is intended to bring about changes in practice rather than to sustain grantees at the current level of operation." Nonetheless, the group acknowledged that the enduring success of Atlantic's accomplishments would sometimes depend on "having a strong, robust cadre of grantees working to sustain and advance the causes we care about."[18] To launch a series of discussions on how best to pursue that result — and more generally how to handle the coming waves of exit grants — the team circulated a memo listing nine strategies on which they sought wider comment, discussion, and recommendations:

- **Attracting other funders** to Atlantic's grantees, fields, and causes
- **Developing philanthropy** more generally in Atlantic's countries and program areas
- **Building fundraising capacity** among Atlantic grantees
- **Encouraging efficiencies and consolidation** (such as mergers or shared services) in Atlantic-supported fields

[17] Paul Murray, Gerald Kraak, Stacey Easterling, and John Healy, "Principles and best practices for completing Atlantic's programme work," internal memorandum to programme staff, The Atlantic Philanthropies, 13 December 2011, p. 1.
[18] *Ibid.*

- **Directing resources to other funders** who support the same fields
- **Attracting government funding** and promoting more supportive public policies in Atlantic's countries and fields
- **Sustaining "anchor organizations"** with longer-term grants where other funders are scarce
- **Explore innovative funding mechanisms,** such as social-impact bonds or social-investment banks; and (especially if these options aren't sufficient)
- **"Capping"** the Atlantic-funded work by celebrating what has been accomplished, circulating evaluations and lessons from this work, providing fellowships for outstanding leaders, and perhaps supporting grantees for one last "big swing" at some salient issue.[19]

The memo went on to point out that the Center for Effective Philanthropy, in a recent survey of grantees, had found that many recipients of Atlantic's support had been dissatisfied with the level of communication and clarity about the Foundation's intentions. Particularly at a moment when those intentions included a permanent end to these organizations' grants, staff members believed that clarity, consistency, and timeliness of messages, and a respectful and collegial relationship with grantees, would be more important than ever. It would also be essential to keep expectations realistic, given that some grantees had been harboring hopes of eventual endowments or giant multiyear gifts that were neither planned nor even, at this point, mathematically feasible.

In a final note, the memo pointed out one aspect of Atlantic's terminal grants that would make a graceful exit all the more important: As "the largest foundation to date to engage in a finite life," Atlantic would, in its departure from its fields of support, inevitably set an example for other funders of what "limited life" ultimately means in practice.[20] Given the recent media attention to Giving While Living, Atlantic's value as an Exhibit A would depend partly on the quality of its financial farewells. The Foundation would likely be remembered not only for the good things it had helped to accomplish, but also for the condition in which it left the organizations and fields that had brought those accomplishments into being.

A wider team of staff members, including Messrs. Oechsli and O'Brien as well as representatives from nearly every Atlantic country and program, met by videoconference in February 2012 to add flesh to the ideas in the memo and to agree on a final set of principles for responsible exiting. Among other things, the participants offered experiences and reflections from earlier occasions when Atlantic had discontinued some portion of its work and made final grants. Some of these experiences were more successful than others, and much of the discussion ultimately focused on how the coming wave of exits could improve on those of the

[19] *Ibid.,* pp. 2-4.
[20] *Ibid.,* p. 6.

past.[21] The meeting concluded by launching a series of further staff discussions on principles and practices for final grantmaking — country by country and program by program — which continued throughout 2012.

How Much Should Atlantic Worry about Sustainability?

Exits are nothing unusual among foundations, which tend to change at least some of their priorities every few years, even if they plan to carry on in perpetuity. To some observers — particularly Americans, who are accustomed to a wealth of foundations routinely trading places as they move from one field to another — the prospect of ending a stream of grants is just a normal part of philanthropy, not something to worry about excessively. But Atlantic's limited life makes it categorically different. Once all its money is committed or disbursed, there will be no chance to correct any missteps. And in many of its countries and programs, the hope of "replacement funders" will be remote.

In some programs, such as aging in Ireland or public health in Viet Nam, Atlantic's pioneering has helped to draw new money into the field from other sources. But in other areas, such as aging in the United States, immigrant rights in Ireland, and rural poverty in South Africa, new funders have been few or slow to step in. In a staff analysis in 2008, the Foundation had seen stark evidence of how consequential its departure would be in some cases. An analysis of "dependency" among grantees in various programs and countries showed that between 2005 and 2007, more than 35 percent of them were receiving one-third or more of their budgets from Atlantic alone. The number rose to 50 percent in Bermuda, South Africa, and Northern Ireland and 60 percent in the Irish Republic.[22]

By 2012, these numbers were probably out of date, and a more current understanding of the dependency challenge was becoming increasingly urgent. Unfortunately, in the years since 2008 it had become clear that the broad, aggregate ratios in that first analysis concealed a number of lower-level complexities that would matter a great deal. Without a finer-grained analysis, it would be hard to draw consistent, meaningful comparisons among individual grantees or particular lines of activity. For example, some large, well-funded organizations might score very low in an overall measure of dependency — and yet the specific activity for which the Foundation had funded them might be 100 percent dependent on Atlantic alone.

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[21] One interesting, albeit semantic, recommendation from this meeting was that staff members should avoid the expression "exit grants." Many felt that the phrase carried a hint of something unusually large, ambitious, or long-term. In reality, participants expected most final grants to be no larger than earlier ones, and some of these grants will have more to do with facilitating shrinkage than with underwriting grand visions. To keep from subliminally inflating grantees' expectations, staff members thought it better to describe the last commitments, accurately and simply, as "final."
[22] David Sternlieb and David Walsh, "Spend-Down: The Sustainability Challenge," internal memorandum, The Atlantic Philanthropies, 11 November 2008, p. 2.

In other cases, a high dependency score might be merely an artifact of funding cycles: If, say, Atlantic's money arrived in Year 1, but another funder's sizable grant didn't clear until Year 2, then a ratio calculated in Year 1 would give the misleading impression that Atlantic was funding most of the budget. In yet another twist, depending on accounting practices in a given country, an organization might receive considerable in-kind support from some local benefactor that is not reported as income at all, whereas the same arrangement elsewhere might be reported at its full cash value. Nor do all countries have the same standards for how contributions are reported, or how often, or how the data are maintained or made available.

As this report is written, David Walsh, the Foundation's director of global budgeting and planning, and his colleagues are updating and refining the 2008 analysis, trying to account for as many of the complexities and caveats as possible. Among other things, they have adopted more than one standard of dependency — defining as "somewhat dependent" a grantee that relies on Atlantic for 25 to 50 percent of its budget, "dependent" if the ratio is between 50 and 75 percent, and "highly dependent" if more than three-fourths is from Atlantic. They are scrutinizing a selection of individual grantees' budgets to look for differences in accounting methods or other problems with comparability of the data. And they are taking particular account of certain "anchor grantees" — organizations whose lasting success is especially important to the story of Atlantic's work. Their analysis will examine how well these organizations are prepared to carry on after their Foundation support comes to an end, and what it would take, in the next few years, to make that prospect more likely.

Interestingly, not every grantee believes that this degree of concern about sustainability is necessary. Some (probably a minority) feel that it is their own duty, not Atlantic's, to worry about their long-term future, and the Foundation's attention should be focused instead on helping them achieve as much as they can while the current support lasts. The head of one grantee organization put this point of view in especially emphatic terms:

> Surely this must have occurred to them when they said they were expending their whole endowment: One day the money was going to stop. And the next day [some newspapers were] going to have a headline saying 'Charity Fails When Feeney Money Stops.' … So no matter how much devotion they give to making sure we're all clear that their money won't last forever, and that we have to have plans in place, they are still going to be subjected to criticism, particularly when they leave a very sparse funding environment at a time when there will still be a recession. … There will still be massive need. There's no changing that. … But if [our organization] loses a substantial part of its funding and closes a program as a result, we will still be saying, 'We were only able to do as much as we've done thanks to Atlantic.' … So they're on a guilt trip that's entirely unnecessary. …
>
> There is a whole load of things that we will try to do while [Atlantic support] lasts, … and with any luck, what we're doing now will have

> produced better systems across a lot of the areas of our work; … there will be new laws in place, and new mechanisms [to serve people]. It won't be the same as what we have now. But who would have thought 20 years ago that so much work would have gone on here, and so much accomplished? It has been an enormous bonus and a privilege to have the Atlantic funding here. And that's why I think they should ease up on themselves about what happens when it goes.

Much depends, of course, on the nature of any given field and the kind of results it pursues. The speaker just quoted works in an area that both serves needy people and advocates improvements in law and public policy. When Atlantic's grants end, the field is unlikely to attract a similar level of support from other funders, so the amount of direct service will probably decline. But the improvements in law and policy that were achieved through advocacy in the last several years will remain. Large numbers of people will continue to benefit from those improvements — and therefore, perhaps, to need less service — long after Atlantic is gone. In this person's view, the priority should therefore be on achieving the greatest number of such improvements now, while the money continues to flow.

The contrary view — from an organization that regards direct services as its most important product — is that its ability to carry on after Foundation funding ends will be the most important yardstick of both its own success and that of Atlantic. Even if the grantee's future level of activity will be smaller than during Atlantic's support, any steps to maximize that level will be worthwhile. In expressing this view, the leader of one grantee organization argued for more Atlantic support for organizational development, fundraising, financial management, and administrative efficiencies — the functions normally clustered under the heading of "capacity building."

> We can accomplish a lot in the next few years, demonstrating more effective methods and promoting [those methods] across the field. But assuming we don't have many more years with Atlantic — and I really don't know how many it is, it may be nearly over — we're not going to change [the whole field] before the time runs out. … We've raised a lot of awareness, we've moved the needle, there are good results to report. But some of those will slide back, and some of them won't amount to very much, unless we keep at it. So if Atlantic actually cares about what happens [in this field], and I absolutely know they do, their best bet is capacity. It's to help us do as much as we possibly can in the years after they're gone. … Five years from now, their legacy with us will be (a) what we accomplished during their support, but [also] (b) what we accomplished later, with the capacity they helped us build.

Capacity-building is one area in which the Foundation reduced its staffing in 2011. That is partly because of a difference in philosophy between Atlantic's past administration and the current one about how best to deliver capacity-building support. Whereas the previous approach was to develop a central Foundation resource in organizational development that could be offered to many grantees, the current preference is for grantees and program executives to make local arrangements for organizational consulting, paid for, if necessary, wholly or partly with Foundation support.

"Capacity is a strand," an Atlantic manager observed; "it's part of our relationship to grantees, but it's not necessarily an end in itself. It may be, or it may not be. It fits differently in different objectives for different grantees. And the local resources [for capacity-building] and expectations for what different grantees can achieve are going to be different from country to country. Those are things that need to be part of the programme executives' ongoing work with grantees, not something we can parachute in with. In most cases, what does 'capacity' mean? It's really more about sustainability than capacity per se. Many of our grantees have no worries about sustainability, and some at the other extreme may have no realistic hope of sustaining themselves, at least at the current level. Each of those cases needs a particular response, and the best people to sort that out are the people who deal with grantees day-to-day."

Down to Cases: The View from Two Programs

It may be worthwhile to consider the sustainability question — and the broader issue of how Atlantic weighs and measures its legacy — from the perspective of two actual programs in different countries. One example is the effort to end the death penalty in the United States, a goal that Atlantic has pursued since 2004. The other example is the pursuit of basic rights of low-income residents of rural South Africa, particularly women, smallholder farmers, and farmworkers. At the end of its strategic review, Atlantic had classified the death penalty work in Category 1 — likely to lead to very significant, large-scale change. Part of the rural poverty effort landed in Category 3 — major additional impact not expected, and therefore a prompt exit — and the rest in Category 2. (The speakers quoted earlier are not associated with either of these initiatives.)

Example 1: The U.S. Death Penalty. Atlantic's support for ending capital punishment in the United States was pursued, from the beginning, in cooperation with other foundations and with just over a dozen expert organizations as its core grantees. The objective was chosen not mainly because it was a neglected, poorly funded area of work (though that was generally true), but more because the time seemed ripe for significant achievement. Public debate over the fairness, morality, and efficacy of the death penalty was becoming more common, and news coverage was beginning to draw attention to inequitable applications of the penalty and to the possibility of wrongful executions. After a long period of ascendancy for pro-death-penalty forces, the tide had seemed to be turning. Research, legal challenges, and public advocacy appeared to be strong bets with good odds of making a difference.

In fact, the Foundation's original strategic plan for this line of work focused exclusively on efforts to end capital punishment of juveniles. But within a year, grantees had achieved that goal, with the March 2005 Supreme Court decision in *Roper v. Simmons,* in which a significant amount of legal work had been performed with Atlantic support. Faced with evidence of highly effective grantees,[23] a growing legal momentum, and an increasingly experienced and confident field poised to take on the death penalty for adults, Atlantic decided to raise its sights and pursue the abolition of capital punishment altogether.

Atlantic's total support for the cause rose steadily over time, from roughly $1 million annually in the earliest years to around $5 million a year more recently. The money has flowed through three channels: (a) direct grants to a handful of national and state-level organizations made at Atlantic's initiative; (b) other direct grants that were sorted out in negotiations among a small group of funders working on the cause together; and (c) a number of smaller grants made from a pool of money contributed by several funders, including Atlantic.

One hallmark of the initiative has been the unusual degree of cooperation and consultation among funders and grantees. Atlantic has furnished by far the largest share of the philanthropic support for this field, amounting to roughly half of all foundation dollars in some years. But in the process, it has benefited from an exceptional collaboration among like-minded foundations. The result has been a well-coordinated movement that has pursued, with vigor and strategic excellence, goals that almost perfectly matched Atlantic's, but with Atlantic paying only half the cost or less.

Although the abolition of the death penalty nationwide is still not in any near-term forecast, the number of states that have outlawed or halted executions has been significant. Between 2004 and 2012, five states — New York, New Jersey, New Mexico, Illinois, and Connecticut — abandoned capital punishment altogether, and the governor of Oregon declared a moratorium. In November 2012, California voters defeated a ballot initiative banning the practice, but six months later Maryland became the sixth state to repeal capital punishment.

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[23] A formal evaluation of the juvenile death-penalty grants reportedly demonstrated a strong, direct correlation between Atlantic-supported efforts and the legal victory in *Roper.* However, some grantees believed that the written report revealed so much about their strategy and tactics that, if published, it would have ended up being useful to the opposition. As a result it has not been circulated and could not be cited explicitly in this report.

The number of actual executions nationwide has fallen by nearly half since 2000, reaching a low of 43 in 2011, the smallest number since the Supreme Court restored the death penalty in 1976. Public opposition, though still low, has climbed steadily in the years of Atlantic's investment, from 28 percent in 2003 to 35 percent in 2011.[24]

These trends, and the evidence that Atlantic support has contributed directly to them, are the reason why the 2012 strategic review classified this program in Category 1: "a realistic opportunity to make very significant, large-scale change." Even if Atlantic were to step out of this field immediately, it is possible that the trend of opposition to capital punishment might slow, but probably not reverse. It would still be a gratifying record for the Foundation. But the trend is strong enough, and the atmosphere of public and official opinion favorable enough, that the next two to four years could well offer an opportunity for much bigger achievement. That could in turn make the overall legal and policy trend stronger and more lasting, and thus the return on Atlantic's investment greater. That is the prospect on which the new strategy is banking.

Whether all of the grantees remain sustainable after Atlantic's exit is a separate and more difficult question. To be sure, other funders have expressed a willingness to stay in the fight. And Atlantic staff has been pursuing new funders well in advance of its exit, in the hope of softening the impact of its departure and building the new funders' enthusiasm and expertise over the next few years. But it is still possible that some of the work in this small field of expert organizations will need to shrink after Atlantic's departure. At this point, it is difficult to estimate whether that is likely, and if so, how great the shrinkage might be.

Example 2: Rural Poverty in South Africa. The Foundation has made a different calculation in its effort to promote the rights of South Africa's rural poor. Here, too, the gains have been considerable, against almost unimaginably long odds. After less than two decades of democracy, with deep-rooted divisions of class, race, and geography yet to be resolved, the South African Constitution has nonetheless become a proven tool for opening opportunity to long-disadvantaged people and for protecting the fundamental rights of the most vulnerable. Those accomplishments have been achieved through a carefully engineered combination of community mobilization and advocacy together with sophisticated use of the media, the courts, and the legislative process. Atlantic has supported work at all these levels, and in several cases has helped cultivate organizations and movements that had few if any other sources of support.

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[24] Most information in this paragraph (except the reference to Connecticut, where the death penalty was abolished while this report was being prepared) is from two sources: (a) "The Death Penalty in 2011: Year-End Report," Death Penalty Information Center, December 2011; and (b) "Capital Punishment Timeline," official web site of the Clark County (Indiana) Prosecuting Attorney, at http://www.clarkprosecutor.org/html/death/timeline.htm, accessed September 2012. This paragraph was updated in May 2013 when Maryland's Governor signed a bill to repeal the death penalty, making it the 18th state — and the sixth state in six years — to do so.

At the highest levels, the Foundation has given direct support to South Africa's Constitutional Court — among other things, by providing additional clerks, mostly nonwhite attorneys, to help justices research cases and prepare opinions. It provided a seminal grant to the Legal Resources Centre, now the country's premier public-interest law organization. The grant helped the LRC create and build South Africa's first constitutional law practice and to win milestone cases that gave concrete meaning to the socioeconomic provisions in the Bill of Rights. Another national public-interest law practice, the Rural Legal Trust, was created with Atlantic support specifically to combat the illegal eviction of smallholder farmers and farmworkers from land that their families have occupied, in most cases, for generations. ProBono.org, a national clearinghouse for private attorneys interested in devoting time to public-interest law, has grown significantly with Foundation grants.

But another major portion of Atlantic's grantmaking in South Africa has been aimed at the grassroots level — frontline organizations of poor and marginalized people such as immigrants and refugees, sexual minorities, people with HIV/AIDS, and the rural poor. In each of these categories, the Foundation supported efforts to mobilize people in the affected communities, provide them expert help in bringing their issues to the attention of government, organize public-information campaigns to rally wider support for their cause, and ultimately to support litigation if political advocacy failed. Grantees in these areas spanned the whole spectrum of nongovernmental organizations, from small community-based groups to regional coalitions and technical advisers, to national centers of research, advocacy, communications, and law. These various levels were interdependent: Local organizations furnished information, cases, and active constituencies; the intermediate organizations provided research, strategy, and training; the national-level organizations provided access to top policymakers, legislators, and, when necessary, the courts.

In the particular case of the rural poor, Atlantic-supported organizations across this spectrum have tackled several forms of deeply embedded inequality that have effectively blocked the path to a better life for millions of South Africans. In one case, for example, Atlantic grantees contested a Communal Land Rights Act that would have subjected 26 million people living in "communal areas" — more than half the national population — to the authority of tribal chiefs and traditional systems of law. It would have effectively excluded them from democratic society and from the reach of laws passed by Parliament. Women, in particular, would have been barred from owning or inheriting land under traditional provisions of communal law. Rural residents in four provinces, represented by the Legal Resources Centre and private, pro-bono counsel, eventually persuaded the Constitutional Court to strike down the law in 2010.

But supporters of traditional legal systems responded with a new Traditional Courts Bill, introduced in the South African National Assembly in 2010. The bill would have given traditional (typically tribal) leaders in many rural areas the right to adjudicate local cases and enforce customs as if they were law. The bill would have stripped defendants of the right to counsel and closed off access to mainstream courts. In response, Atlantic grantees quickly organized “consultation meetings” of rural residents and advocacy and legal organizations across the country that galvanized a massive national opposition movement. It eventually prevented the bill from coming to a vote.

On smaller matters, involving day-to-day rights closer to home, Atlantic has supported a network of Advice Offices — sources of basic information on the law, rights, and means of recourse, usually staffed by paraprofessionals or trained activists. The National Association for the Development of Community Advice Offices (NADCAO), an Atlantic grantee, supports some 230 of these Advice Offices, covering all nine provinces, with training, networking, and management assistance. Although far less dramatic than the top-level interventions in the Constitutional Court and National Assembly, the work of the Advice Offices is often the only way that rural South Africans can learn how to deal with abusive landlords or creditors, how to handle property and inheritance issues, or how to present their cases effectively in disputes with government or other authorities.

A comparatively new organization, called Equal Education, has spotlighted the substandard condition of local schools in an exurban area near Cape Town, documenting inadequacies in facilities, supplies, and curriculum, then helping them to press for their educational rights under the South African Constitution. In cases where advocacy fails, Equal Education works with the Legal Resources Centre and other public-interest lawyers to bring the issues to court. Equal Education has begun to expand its geographic reach, and as this report is written, the organization is preparing for oral argument in *Equal Education v. Minister of Basic Education,* a case attempting to compel the government to issue minimum norms and standards for public school infrastructure.

As in the case of the U.S. death-penalty initiative, the effort to secure basic rights for South Africa’s rural poor has already made significant achievements that could stand as a legacy, even if nothing more were done. As a March 2012 report to the Board of Directors put it, “Atlantic’s principal contribution in South Africa is an enduring and sustainable infrastructure of key institutions to advance the socio-economic rights of vulnerable groups and to provide a voice for the poor and marginalized.” Among the achievements by Atlantic grantees listed in the same memo were

- the provision of antiretroviral drugs to more than 1.6 million people with HIV/AIDS throughout the country, and testing of more than 13 million
- coverage of more children under South Africa’s child-support grant, making it possible for many thousands more children to attend school

- government commitments to replace "mud schools" in the Eastern Cape — buildings unfit for use, some of them literally made of mud, that served as the only public schools in many rural communities
- a variety of other accomplishments in human rights and health that materially improve the opportunity and well-being of South Africa's poorest residents.[25]

But in this case, the Foundation has chosen to close the South Africa office during 2013, as it gradually reduces its footprint around the world. Without an office and full-time staff, managing a program of continued support to many small, frontline organizations would be logistically difficult. Furthermore, in the judgment of Atlantic's Board and senior managers, it seemed unlikely that doing so for two to four more years would lead to much greater progress than has already been achieved. So as it closes the Johannesburg office, Atlantic has also decided to bring the direct support to a number of community-based organizations to an end.

Even so, its influence on efforts to improve the lives of the rural poor will continue. The South Africa program has already provided multiyear support to an organization that Atlantic helped create, called Inyathelo: The South African Institute for Advancement, to offer management, fundraising, and capacity-building help to such organizations serving poor rural communities. And the Foundation will make additional grants to a list of "anchor institutions" — mostly larger, broad-based legal and advocacy groups working across South Africa — that benefit rural constituencies as well as others. Support for these anchor grantees has been a cornerstone of the South Africa program all along, and it continues to be classified in Category 1 of the new program strategy ("opportunity to make very significant, large-scale change"). Work with the smaller organizations, however, has been placed in Category 3 (no evident opportunity for "further significant impact") and Atlantic will consequently "exit expeditiously" during 2013.

20/20 Foresight: Linking the Past and Present to the Future

In his overview to the Strategic Review proposed to the Board in June 2012, CEO Chris Oechsli offered an extended reflection on Atlantic's history, values, and ambitions, under the heading "2020 Vision." The title's double entendre was intentional. Mr. Oechsli's essay sought not only to imagine the world that Atlantic would leave behind when its final grant was disbursed in or around the year 2020, but also to unite that future with the institution's past into a single, clearly focused picture.

"With less than five years of active grantmaking remaining," Mr. Oechsli wrote,

> it is appropriate to honor Chuck Feeney's historic act of generosity with a rigorous, thoughtful analysis of how we will maximize the impact of the

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[25] "Program Strategy Review Supplement: Volume II," Memorandum to the Atlantic Board, March 2012, pp. 17-18.

> foundation's remaining resources. We now face the responsibility to conclude our work with grace, intelligence, and clarity of purpose — motivated by a vision of what we hope to accomplish by 2020 when we draw our work to a close. … We must recognize that much of our effective work is about making tangible, measurable advances in addressing challenges that will exist beyond our lifetime, whether the challenge is a major disease burden, like cancer, or social inequities. The sustainability of key organizations as well as the compelling evidence, models, and practices generated by our grantees become important gains and clear standards of reference for lasting change and ultimate results.[26]

Mr. Oechsli then reviewed the Foundation's past in three phases, beginning with the "entrepreneurial start-up company" of the 1980s and '90s, operating "opportunistically," typically without formal program plans and firm categories of grantmaking, but "like a good investor, always seeking diversity in its portfolio to exploit opportunities and maximize returns." In the second phase, around the turn of the century, came a commitment to a limited life, a written mission, and four clearly bounded program areas, along with the continued, entrepreneurial grant portfolio of its Founding Chairman. The current and final phase would be a time of "difficult choices" as programs are brought to an end, and as the institution confronts the ultimate question, as Mr. Feeney has put it: "What will we have to show for it?"

To approach that question, Mr. Oechsli analyzed Atlantic's current and past grantmaking as a pursuit of two overarching purposes, or themes — health and education — guided by three fundamental values: opportunity, equity, and dignity. In health alone, he estimated that the Foundation had invested more than $1 billion, in such fields as rural health care in Viet Nam and South Africa; palliative and dementia care in Ireland; cancer research in Australia, Northern Ireland, and the United States; medical training in Cuba; and at least half a dozen more. In education, Atlantic's total commitment had already exceeded $2.7 billion, enriching primary, secondary, or advanced learning in every country where it had worked.

He noted that even under the slightly different headings of the Foundation's recent programs, the emphasis nonetheless has fallen heavily on one or both of these themes. In its Children & Youth Programme, Atlantic's work has tended to focus on healthy development and improved learning. In Aging, the goals have primarily been a healthy, independent later life and the opportunity for continued learning and development. Population Health has not only borne the obvious connection to health, but also to the education and training of public-health and health-care professionals. In Reconciliation & Human Rights, much (though not all) of the work has involved achieving more equal access to health and education for the most marginalized and disadvantaged groups — from the mud schools and rural clinics of South Africa to the integrated classrooms of Northern Ireland to immigrant families

[26] Christopher G. Oechsli, "2020 Vision," Memorandum to the Atlantic Board of Directors, 4 June 2012, pp. 5-6.

in Ireland and the United States seeking access to education and health care. And without exception, all of the Founding Chairman's grants since Atlantic's creation have landed squarely in one or both of these categories.

It has been the three underlying values, meanwhile, that determined much of where the money would go within the two broad themes, and how it would be used. Mr. Oechsli noted that in 2002, when the Board was deliberating over the four current program areas, "the most common single term used to encapsulate the values underlying Atlantic's proposed grantmaking was '*dignity*.'" The focus on *equity* springs from the recognition "that circumstances and systems often unfairly favor some while disadvantaging others." Atlantic's emphasis on people whom the Founding Chairman has described as getting "the short end of the stick" has therefore been a firm guidepost for strategic decisions since the earliest plans. Similarly, the early support that Mr. Feeney received from the U.S. government after leaving the military, in the form of the G.I. Bill of Rights, led him to believe that the Foundation should similarly give a boost of *opportunity* to others. From these three values has flowed a stream of investments in human rights, children's development, a fulfilling life in the older years, and efforts to boost health and well-being for whole populations of disadvantaged people.

The interactions of these values and themes have produced, Mr. Oechsli wrote, "a collection of interventions, ranging from capital projects to investing in human capital to community engagement, research, and advocacy for lasting policy change." Yet despite the warmth of its tone and the appreciation it expressed for Atlantic's earlier work, the purpose of his essay was not self-congratulation. On the contrary, it was a summons to critical thinking, a reckoning of limits, and a calculation of expected future returns. "We ask," he wrote, "that you recognize the context in which we make our recommendations: in global trends and local needs, in Chuck Feeney's initiatives, in Atlantic's diverse experience, and in the recognition of what we can achieve in our limited life."

At this stage, the memo concluded, the essential task is to plan a denouement for every line of work that ensures both an orderly finish and, in the meantime, the maximum possible accomplishment:

> Our investments in many of [Atlantic's] geographies are mature, and as with our endowment investments, … harvest time is approaching. The work has achieved a recognized value and the gains have been considerable. … And while opportunities never end, our planned investments are coming to a conclusion. Our culminating work is now beginning, and we have an opportunity to bring the strands together in a way that is stronger than its elements, and capable of anchoring lasting change. …
>
> When we close our doors sometime around 2020, my vision of Atlantic's impact is this:
>
>> That the many *identifiable* millions of people we and our grantees will have supported and served — in Australia, Bermuda, Cuba, Ireland, Northern Ireland, South Africa, the United States, Viet Nam,

and beyond — will have *measurably* improved access to health and education and, in so doing, will also have greater opportunities, dignity, and equity. [27]

IV. PERSONNEL: 'THE END OF DENIAL'

'Who thinks about what they'll be doing 10 years from now, in terms of their career?" an Atlantic staff member asked in 2010. "Or even five years? Maybe when you're just out of school, you think in long timelines like that. Or if you're plotting your way into the corner office or you're in politics, or, I don't know, something that takes a lot of wheeling and dealing. But here? I doubt if most people are thinking, 'By 2016 or by 2020, I need to have a job lined up at the Ford Foundation or find something at a consulting firm,' or something like that. I mean, the truth is, I probably *do* need to think about consulting firms, as a matter of fact. Eventually. But I can't do anything about that now, and right now I have a lot of important, interesting things that I *can* do something about. So that's where my mind is at, and I'm pretty sure most people here feel the same way."

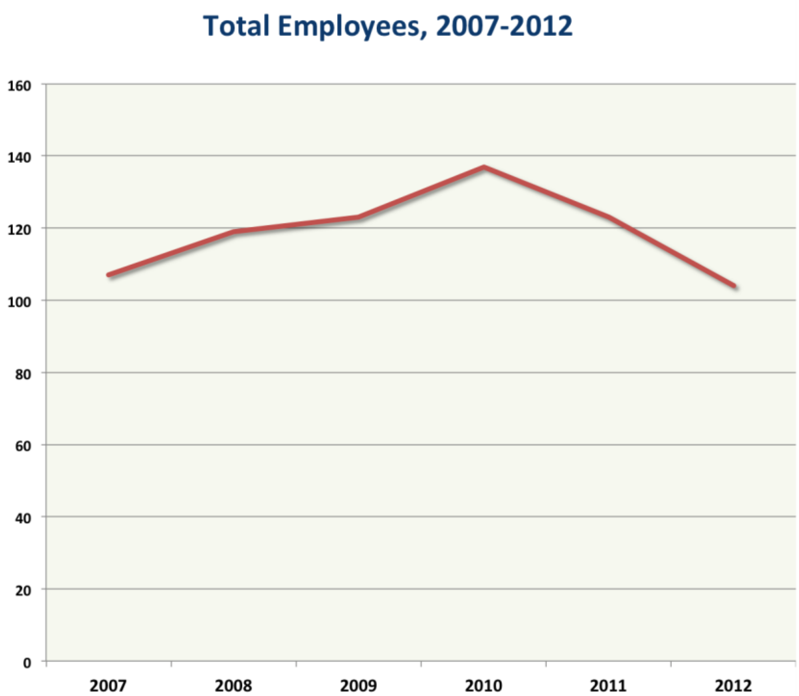
Reminded of that comment in 2012, the same staff member laughed and replied, "Well, I guess now it's time."

In November 2011, soon after the changeover in Atlantic's executive leadership, employees received an e-mail announcing a major reduction in force: 17 people would be leaving the Foundation within the next few weeks, mostly from positions that were being eliminated. The great majority of this reduction was the result of changing priorities under a new management — the kind of overhaul that often follows a leadership transition, even in institutions operating in perpetuity. It was not part of an overall plan for winding down the organization. Executives and Human Resources staff took pains to explain that, in the words of one manager, "these were sort of course corrections, as opposed to spend-down reductions."

Nonetheless, the e-mail arrived in the midst of a Foundation-wide strategic program review in which many of the critical questions did in fact have to do with shrinkage: *Which work was near completion? Which could be curtailed and exited? Which needed a few more years (and how many more?) before they too would be finished?* With so many questions of finality in the intellectual atmosphere, as one staff member put it, "you couldn't read that e-mail and not think, 'I'd better get used to these, because there are going to be more of them. It's now part of the reality of life at Atlantic, and one day I'm going to be on the list."

[27] *Ibid.*, pp. 15 and 18.

That inference was one that managers tried to discourage, but it was close to unavoidable. Mr. Oechsli had made it clear that the strategic review would result in some programs and offices closing sooner than others, and that the scope of the program portfolio would soon begin a gradual contraction. Eventual staff reductions were a part of the basic arithmetic of shrinkage that Atlantic's Human Resources staff had recognized and been planning for, at least in a preliminary way, since the leadership transition began, and to some extent even before.



One item on their agenda was the need for a clear policy on terminations that would both reward people for their service to Atlantic and encourage them to stay for as long as they were needed. Up to this point, severance terms had been loosely governed by a set of guidelines drawn up in 2005, which had never been disclosed to the staff. Actual severances had tended to be handled case-by-case, so that the guidelines provided only a rough and malleable outline of the actual agreements made with departing employees. At a time when all employees would be approaching the end of their tenure, sooner or later, an ad-hoc, secret approach would be neither desirable nor practical.

A New, Explicit Policy on Severance

With roughly five years of grantmaking left, and with increasing signals that the "steady state" period was at an end, as one Human Resources employee put it, "we knew we had to be ready with plans and policies and a clear way of communicating" when force reductions started in earnest. The policies would need to be in place before the planned terminations began; they would need to be explained in detail to all members of the staff; and they would need to be understood to apply consistently.

In May 2012, six months after the first list of departing employees, another one would arrive in the e-mail, this time with a shorter list of names. But unlike the first list, this one would mostly consist of people whose positions were being eliminated as the first step in a gradual wind-down. Another major difference is that this time, employees knew the exact terms under which everyone would be leaving. In April, a month before the new announcement, Human Resources Director Maria Pignataro Nielsen had prepared the staff for future departures with a presentation on "H.R. Dimensions of the Final Phase." It defined key terms like "notice" and "phased severance," and detailed the exact calculation of severance benefits, based on each employee's years of service, rank, and circumstances of departure.

The presentation, in PowerPoint format, began with a vision statement for Human Resources and several additional slides detailing the philosophy and principles underlying the Foundation's severance policies. These included three "foundational principles:"[28]

- *fairness* — a recognition that ultimately most staff departures will be for the same reason (the Foundation's limited life, not poor performance), and therefore should be handled in a consistent and transparent way
- *retention* — the desire "to keep staff morale, motivation, and engagement high" until the end; and
- *appropriateness* — an understanding that "there are unique circumstances relevant to a limited-life foundation," and that a global operation requires complying with the different requirements and customs of different countries.

Significantly, one early slide in the presentation drew a direct connection between the way the Foundation intended to part with its employees and the way it would part with grantees. The presentation explained that the severance policies were designed with reference to the "exit principles" that the program staff had been developing to guide their terminal grantmaking. They included guideposts like responsibility, communication, clarity, and managing expectations. Employees, like grantees, should expect to know as much as possible about the timing of their exit, the support they could expect at the end, and the extent of their rights and responsibilities in the meantime.

"How we treat departing staff," the slide concluded, "will be a significant part of the history and legacy of this organization, and may well influence other entities also considering a limited-life trajectory."

The remainder of the presentation laid out retention and severance policies in unprecedented detail. Among many other things, it promised a minimum of 12 weeks' paid notice for staff members who had been employed at least one year, with explicit levels of additional severance pay for every three additional years of service. (The notice might be structured as a period of final work at Atlantic, or be paid in cash immediately, or involve some combination of the two, depending on the circumstances.) The presentation expressed the hope, "in limited cases," of being able to offer employees a "period of anticipated employment," known as "protective notice," during which their jobs would be secure.

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[28] This and subsequent descriptions of the presentation all refer to Maria Pignataro Nielsen, "H.R. Dimensions of the Final Phase: Confidential Document for Internal Use Only," a presentation to the staff of The Atlantic Philanthropies, April 2012. Quotations and paraphrases are used with approval.

It provided two novel approaches to promoting both retention and recognition of employees' service: "phased severance" — a reduced benefit for employees who have been given notice but choose to leave before their end date — and "voluntary severance," a lump-sum "ex gratia" payment to employees with more than three years' service who resign solely on their own initiative. The presentation explained that the latter two benefits were instituted because "employment at a limited-life entity creates a certain dynamic of uncertainty and stress which may prompt staff to consider departure in a way they might not in a more certain environment." The idea, as Ms. Nielsen expressed it, "was to encourage an atmosphere of open communication and transparency, where employees would not fear losing all their severance benefits if they proposed to leave earlier than their date of termination, and also to show employees exactly how those partial payments would be structured."

Besides the monetary benefits, the full plan included health insurance continuation, increased funds for training, and a post-departure education benefit, along with an array of support services. The final section of the presentation promised employees that by the time a date of departure became known, they would have an Individual Exit and Development Plan communicating the departure date, a calculation of benefits, a menu of services like outplacement counseling and training, plans for handing off work and communicating the departure to outsiders, and a "recognition and celebration of service." There would also be a long list of "additional support resources" open to all staff, such as career counseling, financial advice, workshops on various job-search and life skills, and visits from recruiters and university admissions officers.

Ms. Nielsen promised to mine her network of contacts at other foundations and nonprofits on behalf of Atlantic employees, such as by sharing notices of open positions at other organizations, circulating staff résumés, and promoting more exchange of H.R. information among foundations. "We didn't want this to be just about leaving Atlantic," she said, "but about preparing yourself for the next step."

The presentation was met with widespread approval and, in some cases, frank amazement. "There had never been anything like this before," one employee said, echoing several other comments. "It was always hush-hush, there was never anything where we were actually told, line by line, what we were eligible for and how everything was going to be handled, and what the criteria were for what you were going to get and how you were going to leave. It was just completely different from the way we had always operated. I could hardly believe it."

"The idea was sort of mind-boggling," another staff member said, "not just that I would know what my terms [of severance] were going to be, but that I would know what *other people's* were going to be! That was the kind of thing you only found out from whispers in the hallways, half of which probably weren't true. All this information, on-the-table, by-the-rules, it was just so new. And so refreshing."

Out of the long list of criteria, policies, and calculations in the presentation, only one was somewhat controversial. In calculating the amount of the severance payment, officers with the rank of director or higher would receive a minimum of 12 months of severance. That means that in some cases the period on which their severance payment is calculated could be greater than that of an employee with longer tenure. Given that directors and top officers also have the highest base salaries, the resulting severance payment would be considerably larger, in some cases, than for an employee just one rank lower with more years of service.

On one hand, offering senior managers a higher benefit than other employees would be completely unremarkable in a for-profit company (and not uncommon in the confidential policies of many nonprofits). But in the egalitarian atmosphere of a charitable foundation — particularly one with the social-justice sensibilities prevalent at Atlantic — the provision struck some as needlessly preferential, particularly when spelled out in black and white.

Ms. Nielsen, however, cites research showing that higher-level managers face longer job searches than more-junior employees and a greater risk of ending up with a lower salary, and says that Human Resources staff had reconfirmed this finding before publishing the policy. Executive recruiters consider the practice of calibrating benefits by rank as routine, and it is consistent with Atlantic's earlier, confidential guidelines for termination. Most of all, top managers saw the additional benefit as a valuable "retention incentive for the most senior staff," as one manager put it, adding that, unlike the previous policy, "this was transparent and calibrated to all senior positions without personal subjectivity." In any case, Atlantic's salaries and severance benefits are well above average in philanthropy, so it is perhaps not surprising that by far the most common words used in employee responses to a confidential survey, conducted two months after the plan was presented, were "generous" and "fair."

In interviews, staff members described themselves as pleased with their own expected payment, regardless of their opinion on what their superiors would receive. One employee (below the rank of director) who considers the preferential policy "unfortunate" nonetheless viewed it as "not totally indefensible, in the scheme of things, considering how good the overall policy is for everyone else."

Announcements, Plans, and a Change in Atmosphere

With a newfound clarity about the circumstances and finances of individual terminations, Atlantic managers and Human Resources staff next faced at least three other sets of questions, all of which would have to be grappled with over time. The first was foreshadowed by the first two e-mails announcing multiple departures: What is the best way to tell employees about staff reductions, show respect to departing staff, and preserve the morale of those who remain behind? On one hand, the effect of receiving an unexpected list of several departures at once can be disconcerting — as if, in one employee's words, "every now and then a trap door opens up, and a bunch of us fall out." Each time, the ensuing farewells and exit conferences will become a visible presence on office calendars for several days or weeks. On the other hand, as a senior manager put it, "we also didn't want to have a sort of trickle effect, where we were constantly announcing departures, one name at a time." For now, the choice has been to continue to make announcements in clusters, so that they would be a comparatively rare event, and "people could feel that they have some stability and security" in between staff reductions, "and could focus again back on their work."

A second question involves how to plan and project staff levels into the future. With fewer than five years left to operate, it becomes increasingly useful to know what number of employees will be needed, year by year, to manage and support a gradually shrinking grant portfolio. Yet the question is fraught with complications and contingencies. During the strategic review and afterward, managers have been assembling "indicative pipelines" — lists of possible grants and hypothetical amounts for each of the remaining years. In concept, it would be possible to match these lists of grants with corresponding numbers of employees, and to pair projected reductions in grantmaking with a pro-rata decline in estimated headcount.

But the first problem with this approach is that the pipelines are likely to change — in some cases significantly — so that any calculations based on them could be far off the mark. Second, even if the pipelines become more solid over time, the amount of staff attention needed for some kinds of grants may be far different from that for others, and all of it may be slightly different from what was normal in the past. For example, if a grantee is using a terminal grant to begin shrinking or reorganizing its operation or to merge with another organization, it might well run into unexpected problems or other surprises that will call for significantly more involvement by the Foundation. Some grantees might also be less diligent about complying with the terms of their grants when there is no hope of continued support, and so may need more monitoring than usual. Conversely, some end-stage activity may be simpler than normal — for example, when the final grant is purely for the purchase of equipment or some other assets in a transaction that will be completed quickly. How much more or less work will any given number of grants require from how many staff members? It depends on what grants, and for what purposes.

Third, even if the number of grantmakers can be calculated based on the number or size of grants, is the same true of administrative staff and support services? At the end, will the Foundation need fewer people in finance and accounting with every decrease in the number of annual commitments? In grants management and legal counsel? Or is there a more complex, stepwise or phase-by-phase relationship between the scale of the program and the level of administrative support needed? Could some administrative and supportive work be outsourced — say, to consultants or to other philanthropic organizations — even though both the

Foundation and the grantees will be undergoing profound changes and making some irreversible decisions?

Finally, timing is everything, and the timing of grants two or three years into the future is inherently unpredictable. As one manager somewhat anxiously put it, "I've been here 10, 12 years. I have never seen a pipeline for grants that didn't slip from one year to the next. If you're sitting in H.R. and you're looking at these sheets [the projected grant pipelines] and you're looking at workloads, you might see it with an eye to who can we dispense with. But I look at them and say: 'If we're serious about delivering some of those grants, and we're starting late into conversations [because of the delays imposed by the strategic review], then a lot of 2013 is going to slip into '14, and that's going to have a knock-on effect. If the people responsible for that work are gone, we won't be able to call them back.'"

The point is not that all these questions are unanswerable, obviously. It is merely that they are more complicated than they appear on the surface, and that they rest, individually and collectively, on a great many suppositions and approximations. These will ultimately be tested in the last few years of Atlantic's operations, when the time left for revising them will be short. Nor is there any precedent, comparable in size to Atlantic, on which to base the answers.

'The Abstract Has Become Tangible'

A final set of human-resource questions is more psychological than mathematical. It has to do with maintaining an atmosphere of excellence, focus, and achievement, even as employees are becoming increasingly aware that they will soon need to make a career change. One important virtue of the new severance policy is that it creates a powerful financial incentive for employees to stay and excel for as long as they are needed. The size of the final payment also reduces the immediate risks for employees who persevere all the way to their end dates without having a new job lined up. Still, even for those who are not actively making alternate plans, the creeping reality of staff reductions, exit grants, and the approaching institutional sunset may well make it harder to focus exclusively on the job at hand.

As one employee put it, "All these years, no one here had any problem, that I'm aware of, concentrating on their work and doing it well and getting a lot of satisfaction out of it and all the rest. The whole spend-down thing just wasn't a factor. Part of that is because we've had a lot of great, dedicated people. But part of it is because you could live in — someone called it 'cheerful denial.' The spend-down was years away, and we were still hiring staff [until 2010], and there weren't yet any announcements of RIFs [reductions in force] or termination policies or outplacement counseling or all the other stuff. Well, now all that stuff is all around us. We can still be cheerful, but it's the end of denial. And now people are going to have to think about it, even if they've still got a reasonable chance of staying here three or four more years. Nobody has a guarantee, and the clock is ticking."

Even the benefits for people whose jobs are secure for now — the coaching and counseling, the career planning and so on — can create a kind of mixed psychological message. As one manager put it, "We have at the moment a very strange set of incentives. … On the one hand, we're asking program people to be focused, be clear, think across multiple years and work up pipelines and deliver good grants. On the other hand, there is now a severance package in place, and there's a roll-out of a series of H.R. offerings to people, around polishing up your C.V., your interview skills, reading the market, all of that. … And people are juggling, 'Should my mind be on business as usual?' Well, clearly not. Should my mindset be, 'Well, there will be grantmaking going on until 2016, and I'll be involved in it?' Or should my mindset be to be aggressively looking for my next career? … There's pressure on headcount, there's pressure on overhead, but we still have big programs to manage."

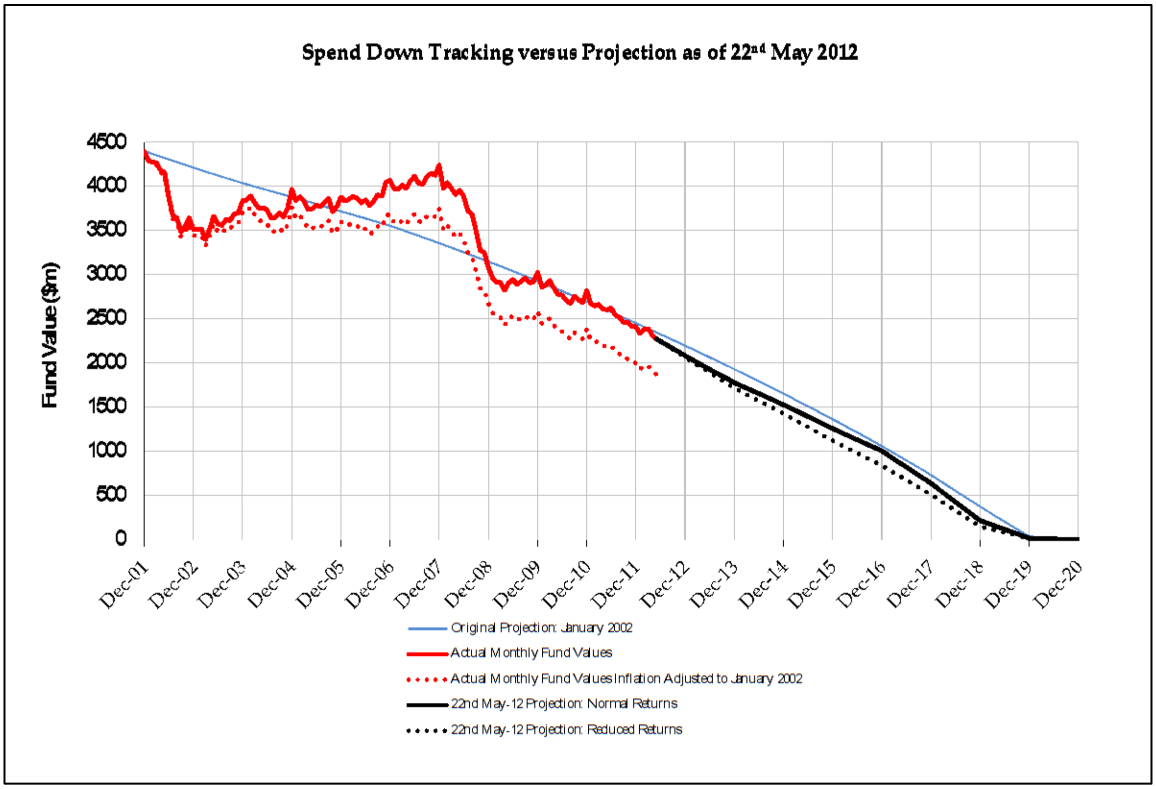
Some of these pressures and tensions are unavoidable. The "end of denial" was bound to come eventually, and with it would also come new anxieties and uncertainties. That period at Atlantic has now begun. To help managers cope with the new environment, Human Resources staff are preparing management guidelines on how to analyze staffing needs and plan for reductions, how to conduct the difficult conversation when an employee's end date has been decided, and meanwhile how to maintain a focus on the work ahead. The goal, as Ms. Nielsen put it, is "to help managers think in terms of capacity, fungible skills, versatility, flexibility, transferability, and performance, in the sense of people who remain being able to contribute to our mission at the highest level."

Reacting to the concerns of the manager who feared a "strange set of incentives," Ms. Nielsen acknowledged that "we're trying to do two things at once.

> We're trying to normalize the idea of departure for people, to convey a sense that this is going to be a natural part of what we do over the next several years. And by releasing the severance policy, we wanted to sort of ratchet down the anxieties so that people could focus. Much of this was responsive to staff requests to help them think proactively about next steps and ease some of the anxiety that comes with transitions and change. But by trying to normalize it, you also don't want to err on the side of too much discussion and make it too much of a distraction. I think you want to give people enough information so that they have confidence and it lessens their anxiety, but not make it such a constant topic that it's all we talk about. … There's no question that the atmosphere is going to be different in some ways from now on. I guess the best way to put it is: the abstract has now become tangible.

V. PORTFOLIO: DIMINISHING ROOM FOR ERROR

Amid weak worldwide equity markets in 2011, the Atlantic endowment out-performed most broad global indices, posting an overall return of 1.1 percent. Although that was the lowest return since the crisis year of 2008 and well below the normal annual target, it was "a decent outcome given the high volatility in markets and losses in many risky assets over the year," according to a staff analysis presented to the Board's Finance Committee in mid-2012. By contrast, although 2010's total return slightly underperformed global averages, at 9.1 percent it was on the high end of Atlantic's performance target of 5 to 10 percent per year. In short, despite natural year-to-year fluctuations, the financial condition of the endowment remained broadly consistent with the long-term projections established when the institution began its limited-life planning in 2002. [29]



Source: "The Endowment Report from the Investment Committee," Report to The Atlantic Philanthropies Board of Directors, 25-26 June 2012, p. 5.

Total outflows for 2012 were forecast to be $357 million, consisting of $313 million in grants (including the first $10 million toward the new Cornell tech campus as well as continued payment on grants committed in earlier years) and the remainder

[29] "The Endowment Report from the Investment Committee," Report to The Atlantic Philanthropies Board of Directors, 25-26 June 2012, p. 2.

in operating costs, designated gifts, and other already-accrued cash expenses. This was slightly below plan; the excess will be carried forward to future years. In short, expenditures, like investment returns, remained roughly on the planned trajectory for winding down the portfolio by the end of the decade. Current projections foresee Atlantic distributing roughly $2.5 billion, including operating costs, between 2012 and 2020. If that projection holds, the Foundation will have made a total of approximately $7.5 billion in grants alone over its whole lifetime.

As the amount of available funds continues to diminish, however, the uncertainties about investment performance and liquidity begin to loom larger in Atlantic's planning. "Navigating Atlantic's remaining life," Chief Finance and Investment Officer Philip Coates wrote to the Board in mid-2011, "is a delicate balancing act among the rate at which grants are committed, the rate at which they are paid, the return on investments, and our ability to turn investments into cash (or in some cases hand off illiquid assets). If we get this balancing act wrong, Atlantic could find itself committed to payments it cannot fund, or it could prematurely end Atlantic's life. We should continue to make a series of gradual adjustments to the commitment rate as the outlook for returns and liquidity evolves."[30]

In itself, the practice of periodically adjusting commitments to investment performance is nothing new; Atlantic has performed such analyses regularly over the years. What is new is the consequence of a mistake. So long as the endowment was far larger than the amount needed to meet the next few years' commitments, excess spending or poor returns merely meant some belt-tightening would have to be imposed down the road. When the road is approaching a dead end, there is less and less room for error — until, finally, there is no room at all.

Besides estimating returns and navigating market volatility, an additional concern for Atlantic financial managers is liquidity.[31] The endowment continues to contain a number of Mr. Feeney's business ventures and investments, including real estate, as well as other private equity investments. These have generated significant returns over the years, but most could not readily be liquidated, at least not for full value, at whatever time Atlantic might choose. For example, in the case of private equity, the Foundation would have to wait until the investment manager decides to sell one of the underlying companies. Again, this was of little or no concern in the past, when the investment portfolio was much larger. As the final years approach, however, illiquid assets would need to mature or be dealt with in some other manner.

For now, Atlantic has primarily chosen to hold onto its illiquid assets and wait for them to mature and self-liquidate as the underlying investments are sold. "The grant commitment and grant payout rates," Mr. Coates explained to the Board's

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[30] Philip M. Coates, "Update on Atlantic's Endowment," memorandum to the Board of Directors of The Atlantic Philanthropies, 14 July 2011, p. 1.
[31] All information in this paragraph and the next comes from Philip M. Coates, "Atlantic's Illiquid Assets," a memorandum to the Investment Committee of the Atlantic Board, August 2011.

Investment Committee, "have been set such that there is a high probability of this path being successful," barring a renewed global recession and corresponding loss of asset values. Other options that are not currently under active consideration, but which have been considered and are always available, would include selling illiquid assets on the secondary market — probably at a discount, but at least with a resulting influx of cash — or offering certain grantees the gift of an asset equivalent in value to the cash grant they were expecting. (The latter would be suitable only for larger grantees with extensive capacity for asset management.)

A more attractive option might be the deliberate transfer of an asset to a grantee in a case where the asset is strategically valuable to the grantee. Again, this remains a hypothetical possibility at this point, and would probably work only in rare circumstances. Finally, if all else fails and Atlantic is near the end of its life, it could establish a liquidating trust with pre-determined beneficiaries who would receive cash as it becomes available. For now, however, the plan is simply for an orderly liquidation of assets, for which the remaining five to eight years at this point seems to be more than sufficient.

More pressing is the inherent uncertainty of predicting market performance over a relatively small number of years while still making multiyear grant commitments. Consequently, as program strategy and budgets were taking shape during 2011 and 2012, Atlantic began to set aside reserves to provide for unexpected grantmaking opportunities and for risks related either to market returns or liquidity. The Foundation has created an Unallocated Reserve, currently estimated at just over 10 percent of the total expected outlays between 2012 and 2020. The size of the reserve was not determined in advance; rather, it was derived from the amount remaining after the cost of the revised program strategy, plus operating and severance expenses, was estimated.

The main purpose of this reserve, for now, is to insure against risks in asset performance, liquidity, and foreign exchange. For that reason, Mr. Coates and Budgeting and Planning Director David Walsh cautioned in a 2012 memo to the Board, "This Unallocated Reserve should ideally not be committed for a number of years, at which point both its size and availability will be clearer."[32] If expectations about investment performance, liquidity, and foreign exchange all hold, money left in the unallocated reserve can be awarded as grants toward the end of Atlantic's operation.

Another possible source of flexible money is the Global Opportunity and Leverage, or GOAL, Fund mentioned earlier. It was not designed as a financial cushion; it is intended to be used for grants and is included among the projected grant commitments graphed in Part 1 of this report. The express purpose of this reserve is to provide a means of responding to unexpected possibilities or to fund special

[32] Philip M. Coates and David Walsh, "Grant Budgeting Approach," memorandum to the Board of Directors of The Atlantic Philanthropies, June 2012, p. 80.

grants that will add impact to the programs. But current projections call for most of these grants to be made only after one or two more years have passed; in the meantime, it is also obviously available to be reprogrammed in the event of any near-term economic surprises.

Additional resources, both for reserves and for grants, may come as Atlantic progresses in its gradual down-sizing. Already, staff reductions in New York have made it possible for the Foundation to vacate a sizable portion of its office space, which was sub-leased to a neighboring business in late 2012. The closure of offices in Johannesburg and Ha Noi, beginning in 2013, will likewise free up some overhead costs. Depending on the pace of personnel and real-estate reductions, some small additional amounts may thus be available for program over time.

Nonetheless, with up to four years of active grantmaking and some seven years of grant payments still ahead, all of these forecasts, estimates, and contingencies will need to be scrutinized and adjusted regularly. In their review of the projections for the Board in 2012, Messrs. Coates and Walsh concluded with this plan for keeping the program and financial plans consistent and current:

> The next main review point will be reached in September 2013. At this stage the progress of each country/programme against its original targets will be reviewed, along with the operational plan for the coming year. At this point the aggregate plans for the coming and future years may be re-calibrated if required. If everything is on plan then the indicative aggregate commitment budget will stay the same (less what has been committed to date) and the planned timeline will not change. In that instance the country/programme in question will move smoothly onto planning for the coming year (i.e. 2014) within the original constraints. However if a country/programme is running behind its plan or issues have emerged about the continued viability/desirability of elements of the plan, then the indicative aggregate commitment budget and/or the future pace of commitments could be re-calibrated as necessary. This process will continue each September for the following year, until the 5-year period is ended.[33]

V. PLANNING: SEVEN CRITICAL FEATURES OF A PIVOTAL YEAR

The starting line of Atlantic's "Final Chapter" — the event that set the final years starkly apart from the ones before it — was the nearly 10-month planning exercise commonly referred to (including in this report) as the "Strategic Review." The mild word "review" could suggest, to some eyes, merely a re-examination of established strategies, perhaps for the purpose of fine-tuning or updating parts of them. And there were, in fact, some elements of fine-tuning and updating in Atlantic's strategic exercise. But the review that extended from summer 2011

[33] *Ibid.,* p. 81.

through June 2012 was both lengthier and more profound than the name implies. Not since 2002, when the Board chose to concentrate on the Foundation's current four program areas, had there been an exercise remotely like this one.

One important goal of this exercise, senior managers say, was to hone what Senior Vice President Martin O'Brien referred to as the "clarity of the proposition" — the specific linking of cause and effects that would lead to an important, lasting result in a defined period of time. On one hand, that might seem like a standard goal for any planning exercise at any foundation. But at Atlantic — as at many institutions after decades of work — some of the "propositions" behind the programs and grant clusters had become muddy. "There was, in a lot of cases, a kind of slippage," one senior officer said, "a kind of kick-the-can-down-the-road. It wasn't for lack of thought; it was more [a matter of] what the thought was *about.* You can get so caught up in the mechanics" — the routine demands of negotiating individual grants, coordinating with other funders, nailing down budgets and performance requirements, submitting internal paperwork on time — "that you don't have time to focus on how it all gets you to the goal line, and what that will mean, in terms of impact and lasting change."

Earlier sections of this report have already described the results of the strategic review and the kinds of discipline it sought to impose on the various streams of grantmaking. But it is worth pausing to examine the process as well. That is partly because the exercise consumed a significant percentage of the staff's time for something close to a year — to a degree that several people described as exhausting. But more fundamentally, the process is important because it was an extremely rare, and in some cases unique, experience in Atlantic's history — one that might never have unfolded in quite the way it did had the Foundation not been preparing to close its doors.

First, the exercise expressly began with the goal of *reducing the scope and scale* of Atlantic's grantmaking programs. In a November report to the Board on the early months of the planning process, Chris Oechsli and Martin O'Brien wrote that "We have asked each programme to winnow their objectives," and that this had already resulted in proposals for shrinking the grantmaking targets "from 14 objectives and 43 clusters of work to 11 objectives and 21 clusters in 2012, with further reductions to follow."[34] An earlier planning exercise, in 2008, had also led to a reduction in the number of programmatic objectives and clusters, but that was not really comparable to this one. For starters, the previous winnowing had been a *result* of the planning exercise, not a *purpose* set forth at the outset. But more to the point, no earlier planning cycle had ever set a goal of reducing total program outlays. They had instead sought to concentrate the same amount of resources on fewer objectives.

[34] Christopher G. Oechsli and Martin O'Brien, "Programme Strategic Review," memorandum to the Atlantic Board of Directors, 18 November 2011, p. 5.

This time, the goal included making the programs smaller — and shedding elements that no longer represented the "highest and best use" of funds. The purpose of this reduction was partly to begin the wind-down process that would lead to an ultimate exit from all activities. It was also meant to provide for the reserve funds described earlier, to ensure that the shrinking endowment could still respond to unexpected events, whether positive or negative. But whatever the rationale, the result was that the program budget was going to begin winding down not in 2014 or 2015, as many expected, but immediately.

Second, this was the first planning exercise since 2002 to proceed, as nearly every Atlantic manager now describes it, *"from the bottom up."* The process that Atlantic adopted in this round of strategic review was essentially the one known in management textbooks as "zero-based budgeting." The past two strategic planning cycles had started by taking the four programs' share of total resources mostly as a given — with room for upward or downward adjustments based on new circumstances. This exercise, by contrast, began with the question, What is " 'the prize' — the ultimate achievement, or the milestone in the journey to that achievement, that Atlantic can realistically expect to realize?"[35] Each program team was then expected to assemble both a strategic roadmap and a set of possible grants (the "indicative pipeline") that would lead most directly and reliably to that achievable goal. Throughout the process, Messrs. Oechsli and O'Brien scrutinized these plans and pipelines, questioning both the overall structure and the component grants (and sometimes the goals themselves). Budgets then resulted from summing up the cost of whatever was deemed necessary and feasible for reaching "the prize." Earlier budgets thus became almost irrelevant, and all new budgets were, by the end, smaller than they had been.

Third, this was arguably the first time the Atlantic staff and Board had attempted what Mr. Oechsli describes as a *"side-by-side" comparison* of programs and objectives, to determine which activities had the stronger chance of "maximi[zing] Atlantic's impact in our limited life."[36] Admittedly, as the senior managers wrote to the Board, "this is an art, not a science," and the comparison was largely subjective, guided by the broad values in the First Principles statement. But whatever its scientific rigor, or lack thereof, the idea that the Foundation might weigh one objective against another to determine which was the better use of funds was altogether new, at least since the days when the programs were first established. That is no doubt because, for the first time, the amount of money available had become scarce, and there was now little or no room for major increases in the strongest programs. In rough terms, the money allocated over the course of this strategic plan is all the money there will be. The time for correcting any misallocation of resources is running out.

To be precise, the comparisons in this review were not intended to choose which causes or population groups were more worthy; rather, they were aimed at

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[35] *Ibid.*, p. 6
[36] *Ibid.*, p. 5

discerning the areas in which Atlantic could make the biggest and most lasting difference — "the greatest return on investment," in a phrase used by several executives — in the short time remaining. Even by that narrowly defined criterion, there still remains considerable disagreement about whether the choices the Foundation has made so far have been the right ones, or whether a different balance might have yielded a richer "return." Reserving judgment on that question, Mr. Oechsli does not yet consider the comparisons or budget allocations final; they might change as events reveal the strengths and weaknesses of each line of activity. What is significant, as one member of the senior staff put it, "is that we are asking these questions and allocating resources based on them — based, specifically, on what those resources can *do* in two or three or five years' time. If they can do more in cluster X, then presumably that's where they will end up. Or at least that's the goal."

In his "2020 Vision" statement to the Board, Mr. Oechsli pointed out that the Foundation's mission — to bring about lasting changes in the lives of disadvantaged and vulnerable people — had sometimes pulled the institution in conflicting directions. Did the mission aim at directing money to the *most disadvantaged and vulnerable* people? Or did it instead emphasize investing in the *best opportunities for lasting change*? The two often aren't the same. Although Mr. Oechsli's vision statement did not say so in so many words, its emphasis for this final phase was clearly on the latter interpretation. The priority now would be on making a reliable and durable difference, not necessarily on meeting the profoundest need.[37]

As another person framed it, "you can always have an argument about whether this line of work will add up to something greater than that line, and when it will happen. What's important is that Programme Executives think about and argue for their work in those terms — not the fuzzy 'this-has-great-value' kind of philosophical language. But 'this is what we expect to achieve, by this date, and it will be worth this much.' That's a fairly new way of analyzing work here."

Fourth, this round of planning sought to define, more precisely than any since 2002, what *the desired conclusion of each objective* should look like. In many cases, the full vision of success, conceived a decade ago in the optimistic light of a brand new undertaking, now seemed unlikely to be realized exactly as hoped. Political shifts, economic upheaval, and the natural twists and turns of program implementation had all altered the landscape. And yet the things that *had* been achieved were nonetheless viewed in many cases as remarkable, significant, and likely to endure. In those cases, would it be wise to continue investing in the program, in the (sometimes remote) hope of achieving something closer to the whole vision? Or would it be more prudent to declare a worthy ending now, and shift the money to something else that may be palpably close to success but not quite there yet?

[37] Oechsli, "2020 Vision," p. 7.

For example, in Atlantic's Children & Youth Programme, a critical objective has been to halt the use of suspension and expulsion as a standard form of discipline in schools — the so-called "zero tolerance" policy that demands a student's immediate ouster for violating certain rules. Research shows that the policy is not only disproportionately enforced on African-American students, but is harmful both to the surrounding communities and to the students' educational future. In Atlantic's Elev8 initiative — involving community schools that blend educational enrichment and family services — the goal has been to end the practice in all of the program's four sites. But is that realistic at this point, with just four years left? More to the point, is it necessary? In September 2012, California (where one Elev8 site is located) adopted two laws sharply restricting the circumstances under which students can be suspended or expelled[38], and the Denver Public Schools announced a "philosophical shift" away from these practices.[39] In both places, the new policy emphasis is instead on "restorative justice" — an approach that Atlantic has promoted in several places. Consequently, as one Atlantic manager framed the question, "Can you now say, 'We've modeled it, we've supported it, people are endorsing it. It now has legs. It's not our role to do it everywhere'? California now has a law. Is that victory?" Or should one argue for seizing the momentum and pushing harder, in hopes of turning an incipient movement into a national bandwagon?

As the same manager points out, those questions cannot be answered solely on their own terms. The money spent pushing school-discipline reform into two or three more states would then be unavailable for other U.S. initiatives, like advancing death-penalty reform or widening seniors' access to income support and medical benefits. "That's a subjective thing," the manager concludes. "But it's a discussion that needs to be had. Because with limited resources, you're saying — well, with *any* amount of resources, you're saying: Can we get a better return on our investment doing something else?"

Fifth, the degree of *personal involvement by Atlantic's two top executives* in the nuts and bolts of strategy has been, at least in the memory of current employees, unprecedented. Atlantic CEOs have always been deeply involved in guiding its programs, to a greater degree than is common at some other large foundations. And it is hardly surprising that as Senior Vice President for Programmes, Martin O'Brien would be intimately involved in the shaping of final program strategies. But many staff and Board members expressed amazement at the depth of the involvement both of Mr. O'Brien and, especially, Mr. Oechsli in the cluster-by-cluster, even grant-by-grant, analysis of "highest and best use" and "return on investment." It is

[38] Jill Tucker, "Brown Signs 2 Student Discipline Bills," SFGate, 21 September 2012, accessed on 20 October 2012 at http://www.ednewscolorado.org/2012/09/19/47557-expulsions-dip-to-record-low-in-denver-schools.

[39] Julie Poppen, "Expulsions Dip to Record Low in Denver Schools," EdNews Colorado, 19 September 2012, accessed on 20 October 2012 at http://www.ednewscolorado.org/2012/09/19/47557-expulsions-dip-to-record-low-in-denver-schools.

certainly noteworthy when, as one staff member observed, "the CEO of a major philanthropy is personally querying how much money a grassroots organization in the west of Ireland can raise" to replace Atlantic's support.

Mr. Oechsli sees nothing surprising here. "We are a foundation," he has said. "Grants are the most important thing we do. If I'm not fully aware of what's going on there, and confident about what we're doing, then I'm not doing my job, and I'm not helping the Board do their job." He has also pointed out that the job of *concluding* the grantmaking is both categorically different from — and, as time passes, increasingly more urgent than — the normal philanthropic management that would fill the job description of a CEO at a perpetual institution.

Seventh, *the intensity, length, and finality of the exercise caused considerable anxiety* among the program staff, and morale has suffered. This last feature of the strategic review deserves particular consideration, because there are several different points of view on whether the stresses and strains were avoidable or, conversely, whether they might actually have been salutary in some ways. It must be said, first of all, that because this kind of top-to-bottom weighing and winnowing had not occurred at Atlantic for at least 10 years, and because it necessarily invoked the end of many cherished lines of work, it is hard to imagine how it could have taken place without at least some unease and even subtle resistance.

In 2002, when the Foundation last revamped its program — eliminating, in the process, large and widely admired areas of work in support of the nonprofit and higher-education sectors — anxieties within the staff ran comparably high. Many veterans still remember the period with some distaste. At that time, however, new challenges were being devised to succeed the old ones, and the surviving staff was virtually assured of an extended period of stable and interesting work once the program revisions were done. As employees were coping with the loss of prior activities that many would miss, they were also given the opportunity to design original and ambitious new work. This time, however, the consolations are fewer. Although the next couple of years will offer historic (and therefore probably energizing) challenges, the future is short and the end will be absolute. This time, everything closes.

Still, some staff members believe that the natural stress of this round of planning was further compounded by the intensity of the scrutiny applied, in lengthening rounds of repeated queries, to every line of work and each separate cluster of grants. "People have gone through a very tough time in the past year," one program employee said, "and some are demoralized. It feels like the Board doesn't trust you, nobody trusts you, and so you have to answer questions again and again: 'What's *really* the value of this,' and 'What's the *real* impact of that,' as if your first answer wasn't valid, or sometimes your second answer either. … Chris and Martin were very upfront with us, saying that the Board has a lot of questions about the grantmaking, that the Board feels our work has been done without enough rigor. … I heard what they were saying, but on the other hand, if the Board had all these questions and doubts and misgivings, why hadn't we heard about them before?" As it happens, both senior managers and Board members disavowed the strong language of "doubts and misgivings;" they say their intent has been to sharpen the programs, not put them on trial. But more than one staff member, still smarting from the rounds of critical review of their work — which are not yet over — felt that the questions and probing sometimes came across as decidedly skeptical, even suspicious. And, one person added wearily, even a positive, supportive reaction on any given day "doesn't mean you're off the hook. They could be back tomorrow, questioning the whole thing all over again."

Another staff member, who made a point of describing the review as "necessary" and "overdue," nonetheless acknowledged feeling disheartened by the length and severity of the process. "If you're in the middle of that, as a staff member, and you're trying to make sense of it all, you can imagine that some Monday mornings you come in feeling great. I'm up for it! And then a whole series of things happens in the course of the week, where you're listening, you're assessing, you're assimilating, you're reading the tea leaves. And by the end of the week, you're thinking, … 'I don't know how much money we have to spend. I can't negotiate with [other funders], because I don't know what [budget] I'm going to have to work with. And maybe they don't want me here anyway, because they're trying to cut headcount.' That's not really great for the morale of an individual or of a team. … Every week just beats you down."

Still, as one Atlantic leader pointed out, much of the pressure that staff members felt, the perceived demand for greater rigor, specificity, and confidence about expected results, was not accidental. Some of the features of the strategic review that distressed employees the most were, according to this view, actually intentional, maybe inescapable. This person suggested that "we had been proceeding as if every area [of grantmaking] had strong merit, and that we were on track to accomplish well-defined things. And I have to admit, we did have some doubts about that. Some of the thinking had got sloppy; a lot of the language [in descriptions of expected accomplishments and impact] was very permissive in terms of what could be done, and the prospective range of grantees was all over the place. The plans for concluding the work were not clear. There were issues of leaving organizations hanging [when programs ended], and how we were going to deal with that was not addressed clearly. There was a lack of discipline in some corners, I think." Posing those concerns to frontline staff in frank terms was bound to provoke some defensiveness and anxiety.

"But what's the alternative?" another commenter asked. "Coast along and hope for the best? Just sort of say, 'You're going to get this amount of money, so go do it?' Or conversely, just quietly eliminate everything we don't have confidence in — even if we might be wrong? The way to get the best answers and make the best choices is also the most honest way of dealing with people: If you have reservations, say so. If you have questions, ask them. Is that pleasant? Maybe no. But any alternative would be worse."

"In the course of the review," another leader suggested, "we were asking people to do things in a matter of months that probably should have been done two, three or four years ago, or baked into the process earlier. So we didn't have the information we would have liked on how every initiative was performing. We didn't have enough independent evaluations [completed]. We had waited too long, maybe, to start analyzing what the end was going to look like, and how we were going to know what our impact was. Playing catch-up probably added to the stress."

CONCLUSION: THE DISCIPLINE OF A LIMITED LIFE

In an insightful 2011 publication on time-limited philanthropy, Francie Ostrower of the University of Texas quoted a trustee of the Mary Flagler Cary Charitable Trust, which closed its doors in 2009 after four decades. The trustee was reflecting on the mental clarity that a limited life can impose on a foundation's planning:

> If you don't have the discipline of a date certain [for closing], you have in mind a set of long-terms operations of a foundation, and you're not thinking of a date at which you have to account for results. … It's a discipline, so you think in terms of things that you can complete by a certain date. It's a big psychological difference. Foundations that go on in perpetuity don't have that.[40]

It is a valid point often advanced by foundation officers and observers who think seriously about limited life, and especially by donors drawn to Giving While Living. And it is fully consistent with the experience of The Atlantic Philanthropies during the 21 months covered in this report. Yet it must be acknowledged that a date-certain for closing does not *necessarily* bring about the discipline and accountability that this trustee experienced — particularly if the closing date lies many years in the future. It is possible, even likely, that a foundation with 10 or more years to live will operate in much the same way as a perpetual institution, except that it will be spending considerably more of its capital year by year. Managing the routine "long-term operations of a foundation" — especially a very large one, like Atlantic — would continue to claim most of the energies of the board and CEO, so long as the ending is not imminent. Program officers assemble strategies, make and monitor grants, consult with grantees, commission evaluations, and explore possible new branches of work — all the things their colleagues in perpetual institutions do. Accounting for the ultimate value of these strategies can seem abstract and speculative when a foundation has many years of effort still ahead of it.

[40] Francie Ostrower, "Foundation Sunset: A Decision-Making Guide," The Aspen Institute, 2011, p. 6.

In a limited-life foundation, the time does eventually come, as it now has for Atlantic, when the “big psychological difference” takes full effect. And as has happened at Atlantic, the change in atmosphere can be disorienting at first. It may be even more disorienting if the shift is a bit tardy, as some Atlantic executives and Board members believe has been the case. But no matter when it happens, departing from a habit of strategic thinking that begins with ‘What will we do?’ and pivoting to ‘What *have we done,* and how can we make the most of it?’ can be both an intellectual and an emotional jolt. The disquiet among some Atlantic staff members in 2011 and early 2012 surely reflects some of the effects of that shift.

Yet in many respects, the Foundation has performed in these latest years with precisely the sense of final accountability that the Mary Flagler Cary trustee envisioned. It has pursued a demanding and self-critical assessment of its achievements, and has expressly sought to focus its resources on the lines of work most likely to achieve the greatest results in the next three to four years. It has redoubled what Professor Ostrower calls “attention to donor intent,” by deliberately framing its strategic review in terms embraced or inspired by Chuck Feeney, and by making significant financial provision for grants that Mr. Feeney is initiating himself. It has taken extraordinary steps to retain employees’ loyalty while also preparing them for the inevitability of their eventual departure. It has revamped its communications, both with grantees and with the public, to clarify its intentions and to share the lessons it is learning. And it has made provision in its budget for the financial uncertainties and programmatic opportunities that may spring up in the final years. All of these are different from the norm in perpetual institutions, and some of them are categorically different.

It seems likely, as much of the Atlantic leadership now believes, that the difference would have been more pronounced, and the shift both smoother and more productive, if it had begun sooner. Starting the final planning and budgeting in an earlier round of program reviews, in 2008, for example, would have allowed (a) more time to focus evaluations in a way that could inform the final shape of the program, (b) a longer schedule for phasing in program changes, (c) a few years to test the revised strategy and make course corrections, while the endowment still had room for maneuvering, and (d) more time to sort out sustainability issues and prepare the grantees whose final grants would come earliest.

Two Kinds of Philanthropy, Two Kinds of Exit

The reason all of this matters is that Atlantic’s four programs were predicated on multiyear strategies, mostly with the intention of altering social systems to benefit disadvantaged and vulnerable people. For instance, programs in the United States sought to improve the way complex, entrenched systems like education, criminal justice, and Social Security dealt with the most vulnerable populations. In Ireland, they sought to create whole new disciplines in public policy focused on such things as prevention and early intervention in children’s services, or palliative care at the end of life, or, most recently, a continuum of care for people with dementia. In South

Africa, Atlantic sought fundamental changes in the way nurses are trained and deployed and in the way constitutional rights are applied to the poorest and most marginalized groups. These are only a few examples; the list of Atlantic's complex change strategies is a long one.

All of them require sustained, sequential investments in multiple elements of the respective systems. They entail careful alliance-building with influential people and organizations. Bringing any effort of this kind to an end — at least an end that is not chaotic or self-defeating — can take a few years. Within each initiative, grantees, allies, and other funders will have made investments of their own based on their understanding of Atlantic's intentions; they will have hired staff, launched new programs, organized ancillary projects, and perhaps started offering new services to people in need. If major funding is about to come to an end, they will need time either to raise new money or reverse course — wind down operations, lay off staff, close offices, and try to finish the help they are providing their current beneficiaries.

In those circumstances, a foundation that cancels its support too abruptly is likely to create legitimate feelings of mistreatment and abandonment among grantees and allies alike. Both its reputation and the causes in which it has invested will suffer. That is nearly always a prime risk in the philanthropy of changing social systems. It is why Atlantic has devoted so much time to deliberating over "exit planning," with months of meetings and exchanges of memoranda. Other foundations that contemplate the end of similar programs typically go through their own rounds of terminal negotiations and planning, often lasting a few years, before they exit.

But not every kind of grantmaking involves this kind of long, complex relationship-building and eventual unwinding. Chuck Feeney's preferred form of philanthropy focuses on projects with much clearer start- and end-dates. Mr. Feeney's most common type of grant is for a building or a campus, which, if pursued properly (an "if" that Mr. Feeney spends extensive personal time ensuring) will start and end on a predetermined schedule. He may also provide support for some of the work that goes on within the building or campus, as he has done with many higher-education and research projects, but these are typically in the form of matching arrangements, in which funding from other sources has to be secured ahead of time and must escalate quickly enough for Atlantic's participation to end in a few years. In the grant for a Cornell tech campus, for example, Cornell, Technion, and New York City all have ongoing commitments to operating and maintaining the campus. Atlantic does not.

Projects of that kind may well end up changing systems, and they are certainly designed to produce other wide-ranging benefits for disadvantaged people over the long term. But even when the benefits are broad and long, each project is relatively short and discrete. And each is backed, ahead of time, by other funders whose commitment to the project will ensure that they sustain it. In these cases, the exit requires little planning in the final stages of the project, because most or all of it has been spelled out from the beginning, and agreements are already in place for continuation and sustainability beyond Atlantic's involvement.

That is essentially the pattern that Atlantic followed, for example, in Viet Nam — in a program inaugurated by Mr. Feeney and later expanded by two of his protégés: first Mr. Oechsli, in the days when he was an Atlantic Program Director, and then Le Nhan Phuong, currently Atlantic's Country Director in Viet Nam. A few years ago, Dr. Phuong observed that even though the program in Viet Nam had been following a consistent system-change vision over many years, it could be ended at nearly any time. The reason was that it was built in modules — project by project, goal by goal, and agreement after agreement with the Vietnamese government for long-term funding. Although each project intentionally opened a strategic door leading on to the next level of invention and investment, there was never any obligation, strategic or moral, to walk through that door.

Atlantic's historic investment in Ireland's third-level research and educational institutions is another example of the same strategy: each year brought a new, discrete set of goals and a new (and larger) commitment of long-term government funding. And when the Foundation summarily declared that effort finished in 2002, the response from grantees and government alike consisted of little more than praise and thankfulness. Even 10 years later, the educators' lingering gratitude took the form of an honorary doctorate conferred on Mr. Feeney simultaneously by all of the universities on the island of Ireland, North and South. It was an honor never before bestowed on anyone.

It's important to note that in both Viet Nam and the Irish universities, just as in other programs, part of the goal was to change a pubic system — health in one case, advanced scholarship in the other. But the means of doing so were not primarily mobilized outside the government, via a gradual process of innovation, testing, replication, coalition-building, and advocacy, as in the standard system-change model. The process instead was an escalating series of individual agreements with the government: to build new facilities, establish new programs, and recruit, equip, and train the people in each site in new ways. Each of these was, in effect, a mini-program unto itself; each had an assurance of ongoing government funding; and each had an expressly planned ending for Atlantic's participation.

As a result, in 2012, when it came time to begin closing Atlantic offices and winding up some of its operations, Dr. Phuong was among the first to offer a plan to complete the work in Viet Nam within a year. Although several multiyear grants will continue to be paid out in the next few years, commitments in Viet Nam will end in 2013. By the time the last check is written, Atlantic will have left behind not only a roster of modern new facilities, but also a massively transformed and enlarged public health system, a network of new relationships between Vietnamese and international educators and health experts, and a cadre of government policymakers and managers committed to profound reform in preventive and primary care in poor communities.

By no means is this discussion meant to imply that either of these approaches — the long-term system-change model or the modular Chuck Feeney approach — is inherently superior. Indeed, Atlantic has pursued both kinds of philanthropy in parallel, achieving significant milestones, even breakthroughs, with each. (And it's important to note that the modular, step-by-step approach in Viet Nam and the Irish university sector was made considerably easier by an unusual feature of those two particular environments: The respective national governments were effectively the only long-term funders, their budgets were growing throughout the time of Atlantic's involvement, and they were also the only sources of public policy affecting the institutions involved.)

The point of this comparison is not about the merits of the two approaches. The point is that *exiting* is inherently tidier and less fraught in Mr. Feeney's approach than in the long-term systems-change model. And exiting is now at the center of Atlantic's final agenda.

The Reckoning

The other centerpiece of that agenda, besides organizing sound exits, has been the effort to clarify, solidify, and where possible quantify Atlantic's expected legacy. The word "legacy" bears an uncomfortably heavy load of connotations. ("It's sort of like 'statesman,'" an officer of another foundation said. "It's a word best used by historians. It's very hard to apply those words to yourself and not seem presumptuous.") So the more common word in Atlantic's deliberations has been "impact" — a term with less grandeur, but one that can be just as hard to pin down. The search for a precisely defined, comparative, and quantitative approach to tallying Atlantic's impact has been the central theme of the long strategic review of 2011 and 2012. It will no doubt continue to be a theme in the remaining years of planning and budgeting. In fact, it may grow in prominence as the end approaches.

The Atlantic Philanthropies has, at the time this is written, already committed 85 percent of all the money it will give away in its lifetime. In 48 months or so, most or all of the remainder will have been allocated as well, and whatever impact the Foundation is going to have will then be largely beyond its control. The results will not all be fully visible yet; not only will final commitments still need to be paid out for a few more years, but the full effect of the work done with Atlantic funding may not become clear for a long time after that. So the desire to estimate impact now, while there is still time to improve it, and while there is still money to invest in the areas with the greatest chance of success, is natural. More than that, it is a fundamental responsibility. Along the way, the progress of the "Final Chapter" will also provide an opportunity to clarify for future funders what a large and multifaceted limited-life philanthropy can accomplish. It will be a prime exhibit — and for now the largest — in the story of what Giving While Living can achieve.

APPENDIX: Atlantic Programs by Category of Planned Completion

CATEGORY	UNITED STATES	IRELAND	NORTHERN IRELAND	SOUTH AFRICA
1. Realistic opportunity to make very significant, large-scale change	Ageing: Health care for low-income elders	Ageing: Dementia care	Ageing: Dementia care	Reconciliation & Human Rights: Campaigns to strengthen democracy
	Ageing: Economic support for low-income elders	Children & Youth: Prevention & early intervention	Children & Youth: Prevention & early intervention	
	Children & Youth: School discipline reform	Ageing: Age-friendly policies & standards	Children & Youth: Shared education	
	Children & Youth: Children's access to health care	Reconciliation & Human Rights: Migrants		
	Reconciliation & Human Rights: Abolition of the death penalty			
2. Already achieved impact, but a further period is needed to consolidate gains and leave a legacy	Reconciliation & Human Rights: Strengthen key NGOs in civil liberties	Reconciliation & Human Rights: Disability	Reconciliation & Human Rights: Strengthen key NGOs	Population Health: Human resources in primary health care
	Reconciliation & Human Rights: Combating racial disparities in criminal justice	Reconciliation & Human Rights: Strengthen key NGOs	Ageing: Strengthen key NGOs	General: Strengthen philanthropy
	Reconciliation & Human Rights: Immigrant rights	Ageing: Strengthen key NGOs	General: Strengthen philanthropy	
	Children & Youth: Elev8 (community schools in disadvantaged neighborhoods)	General: Strengthen philanthropy	General: Policy, accountability, & good governance initiatives	
	General: Strengthen philanthropy	General: Fiscal policy initiative		
3. Don't see an opportunity for significant further impact, so exit expeditiously		Children & Youth: Children's Rights	Children & Youth: Children's Rights	Reconciliation & Human Rights: Reconciliation/reintegration of ex-combatants
			Reconciliation & Human Rights: Peace-building at hostile interfaces	Reconciliation & Human Rights: Strengthen human-rights NGOs

CATEGORY	VIET NAM	CUBA	BERMUDA
1. Realistic opportunity to make very significant, large-scale change		Population Health: Disseminate lessons from Cuba's health sector	
2. Already achieved impact, but a further period is needed to consolidate gains and leave a legacy	Population Health: Promote public health	Population Health: Strengthen human resources in health	General: Strengthen key NGOs
	Population Health:Improve the primary health care system		General: Strengthen philanthropy
	Population Health: Nursing		
3. Don't see an opportunity for significant further impact, so exit expeditiously		Population Health: Chronic diseases	
		Population Health: Responsiveness of the health system	