

PHILANTHROPY

Social change, global scale

By Sonia L. Johnson

RALEIGH - Investors, fearful of contamination and cleanup costs, usually shrink from brownfields, previously developed areas fallen into disuse or decay as developers look elsewhere.

Where others see risk, Cherokee Investment Partners sees opportunity.

The Raleigh firm has invested in more than 500 brownfields sites since 1990.

The same attitude applies to social blight as well.

Cherokee has spent more than \$20 million on philanthropic works. The company has pledged to devote 10 percent of its annual profit to its charitable work.

Known as Cherokee Gives Back, the outreach program operates at home and abroad. Much of its focus is on Africa. In India, Cherokee Gives Back is tackling problems left in the wake of the environmental disaster that claimed thousands of lives over 20 years ago at the Union Carbide pesticide plant.

Cherokee Investment Partners CEO and co-founder Tom Darden shared his thoughts on philanthropy's role in business with *Triangle Business Journal*:

Q: What is the history of the Cherokee Gives Back outreach program?

Darden: Cherokee Gives Back is not so much an outreach program as it is an integral component of our entire organization. As a private equity fund, our first priority is generating excellent returns for our investors, but we also recognize the need and opportunity to give back to the communities with which we are involved and, more broadly, to the global community.

We have been engaged in a number of charitable activities over the years, and we started referring to those activities as "Cherokee Gives Back" about 10 years ago.

Q: How did the notion for Cherokee Gives Back come about?

Darden: About 20 years ago, I met Lyston Peebles, who was engaged in various charitable activities. Everyone is blessed with certain talents. Mine was work, which didn't leave me much time (to) do a good job with giving.

Lyston (now the managing director of Cherokee Gives Back) was good at giving when I first met him, and remains today very passionate about helping others.



On a mission to empower others

By Sonia L. Johnson

Lyston Peebles, managing director of the Cherokee Gives Back, spends about 60 percent of the year traveling the world on the charitable program's business.

Peebles talked with *Triangle Business Journal* about the outreach program's focus on job creation, poverty relief, conservation and education.

Q: What is the structure of Cherokee Gives Back? How many people devote time to the outreach program?

Peebles: The entire company, plus approximately 100 volunteers. Everyone at Cherokee contributes in their own way and allocates a portion of their time to work in the areas of Cherokee Gives Back.

The broad focus of our work is on the poor, and we try to find opportunities to help through job creation, education, housing, health, etc. We like our people to focus on their passions. We try to find roles for people, depending on their passions and the amount of time they can commit.

Q: What is your vision for the program?

Peebles: My vision is to care about people at a local, national and international

My partners and I have, for many years, wanted to formalize the process associated with our charitable activities, and we recently took those steps in the context of the broader strategic vision for our organization.

Q: Why form an outreach program rather than donating money to existing philanthropic efforts?

Darden: Two reasons: First, Cherokee has always been a hands-on organization. We like to be intimately involved in our sites and the communities being impacted in order to help the project become successful and self-sustaining.

Similarly, we want to take a hands-on approach to our charitable activities in order to help ensure the money is being used most effectively and the project can become self-sustaining.

Second, by taking an active role in our philanthropic activities, we hope to change the lives of those providing services. Not only employees of Cherokee, but others who we incorporate into a program will benefit from serving others.



Q: What is the structure of Cherokee Gives Back? How does it function within your organization?

Darden: Cherokee Gives Back received some excellent news at the beginning of the month. We received from the IRS a determination letter that grants Cherokee Gives Back tax-exempt status as a 501(c)(3) organization.

We started that process nearly five years ago, so the determination letter was exciting news.

Even though Cherokee Gives Back is an integral component of the organization and is not intended to be apart from the whole, for legal reasons, we established a separate entity in order to receive tax deductible donations and to coordinate our activities.

Q: Your Web site mentions funding or raising more than \$20 million for nonprofits and community-based initiatives.

Darden: The \$20 million figure is an estimate of donations from Cherokee, from individuals within Cherokee, and a few others who have come along with us in various gifts.

To date, most of our giving by far has been to outside, unrelated established charities.

I view Cherokee Gives Back as being important to helping us prioritize how we allocate our time, talents and donations and to vet/assess entities and individuals which we choose to support.

The long-term goal for the entire organization is to help make Cherokee Gives Back self-sustaining, so that \$20 million and more is available each year to support the charitable programs and projects in which we are involved.

Q: How will you raise money?

Darden: We anticipate that Cherokee Gives Back will raise money from three sources: brownfield development for sites that we identify as quality opportunities but do not fit the fund's investment criteria; traditional fundraising, which will leverage our existing relationships; and government or other nonprofit/foundation sources.

Q: What are your dreams for Cherokee Gives Back? What would success mean?

Darden: Someday, I hope Cherokee Gives Back is bigger than our private equity funds and touches the lives of millions of people across the world.

Q: In thinking of Cherokee Gives Back, what are you most proud of?

Darden: We believe Cherokee Gives Back has been and will continue to be a catalyst for social and environmental change.

I am grateful and proud every day we can accomplish this goal.

Q: What lessons have you learned in your company's outreach efforts that other businesses wanting to follow suit can profit from?

Darden: Engaging in philanthropic activities makes us better people, which, in turn, makes us better stewards of our investors' capital.

Find your passion and pursue it to improve the lives of others.

(developing countries) level. We want to empower people to grow, serve and live. Cherokee Gives Back is working to allocate time, talent and financial resources to help reach this goal. By leveraging resources to provide for the poor and poor in spirit, we help people to help themselves, build communities and preserve natural resources in a sustainable manner.

One example is our work with global orphan care: In 2006, many of our people have traveled to Ethiopia, Rwanda, Romania, Russia and China to study best practices regarding children in need of a family, a home.

Q: Why has Cherokee Gives Back chosen to be open to addressing a broad spectrum of issues rather than concentrating on one or two projects?

Peebles: We have a holistic approach and our goal is to be a catalyst for social and environmental change. In order to be an effective catalyst, we feel that we need to think big. We also are fortunate to have a lot of people working with Cherokee Gives Back who have many different passions and talents.

We have tried to create an organization that is flexible enough for these people to find their own way to give back.

Q: What made Cherokee Gives Back focus on Africa?

Peebles: I have a long history in Africa, and Africa has been a passion of mine for 25 years. Plus, Cherokee Gives Back is focused on the poor, and there are over 800 million people who live on less than \$2 a day in Africa. However, Africa is only one of many focal points for Cherokee Gives Back.

Three years ago, Tom Darden traveled to Africa with me and asked, "Why can't we do more than philanthropic work?"

We can create more jobs by helping businesses succeed and we are trying to do this currently in Ethiopia.

Q: How have you done this?

Peebles: Well, one example is a project where we brought together a large U.S. retailer with a textile manufacturer in Ethiopia. The textile facility in Ethiopia is now manufacturing products for the U.S. retailer, which has created over 350 textile jobs for the local people. In Africa, a single income can support five to 15 family members, so these jobs can make a significant impact.

We also use micro-finance to help the lives of individuals. For example, we helped a young man in Africa start his own video rental store and are supporting another man who wants to start his own taxi service. Some Cherokee people are helping Ethiopian jewelry and textile vendors explore distribution opportunities in the United States.

Q: What role has Cherokee Gives Back played in enhancing educational opportunities in Africa?

Peebles: We are investing in the lives of potential leaders from poor families through education. We focus on leadership development so

these young men and women can return to their countries and neighborhoods and give back.

Q: How did Cherokee Gives Back come to be involved in helping to clean up The Union Carbide site?

Peebles: Through our relationship with William McDonough (the famed American architect and a groundbreaker in the sustainable development movement), we met Michael Braungart, former director of chemistry for Greenpeace ...

Braungart encouraged Cherokee to get involved in the cleanup of the Union Carbide site in Bhopal, India, which was the location of one of the world's most significant environmental tragedies.

Today, over 21 years after a toxic gas cloud killed thousands of people, the pesticide plant site still has not been decontaminated. Cherokee representatives have been working with Indian officials and local representatives of the Bhopal gas tragedy relief and rehabilitation department on a comprehensive remedial action plan. Cherokee has committed our resources at no charge and up to \$1 million of funding to serve the people affected by the environmental catastrophe.

Q: What are some of the challenges you have encountered in international outreach?

Peebles: The needs are so great but resources are limited - human resources, time, money. Developing countries work at a different pace, so we adapt to fit their needs instead of dictating the process.

Q: How do you evaluate the impact of Cherokee Gives Back on particular efforts? How do you measure returns?

Peebles: Transformation of lives, social change on both the macro and micro levels, feedback within the country - we are working constantly, re-evaluating the way we manage our work.

Q: What would success mean?

Peebles: That there never would be another social problem that we could not address and solve. We will not rest until that happens. Every day we think about someone else is a successful day, whether it be Cherokee focusing on an investor or a poor farmer in Ethiopia.

Q: What lessons have you learned in your company's outreach efforts that other businesses wanting to follow suit can profit by?

Peebles: One of the most important ways that we can give back is to give good strategic planning and business advice to nonprofits.

We have learned that you can't go in like you have all the answers but rather go alongside the experts who have passion or experience in a particular area.

Most important, we all have a lot to learn from the 4 billion in the world who live below the poverty line and from those who are oppressed.

Q: Final comments?

Peebles: Giving back to the world is part of the fabric of Cherokee. It is not a separate division of the company that we keep hidden away. Rather, we shine a light on it in an effort to encourage others to do the same. Pay it forward.