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Private Equity Firms Give Back

Halifax treats donations "like a portfolio" while BlackArch and Silver Lane give a portion of their profits to charities



By Keith Button August 2, 2016

A number of PE firms give to charity whether through volunteer work or financial donations. Some charities have also benefited from gifts that are more closely aligned with the dealmaker's interests, like investments from BlackArch Partners or Silver Lane Advisors

Nine years ago, Ken Doyle, a senior partner at the Halifax Group private equity firm, and others from the private equity community in the Washington, D.C., area started the Capital for Children charitable organization. Their idea: To take the same approach with charitable giving as they did with private equity investing.

Doyle says Halifax treats charity donations "like a portfolio, in the sense of bringing all the tools that you would bring to a portfolio company," and uses that knowledge when looking at nonprofits and charitable organizations. "We bring all the skill sets through our members that you'll find out there to get a deal done," he adds.

Capital for Children's members—from PE firms, and law firms and accounting firms in the transactions world—join the boards of directors of the 12 non-profits that the group has donated to. Their due diligence and financial skills—helping with budgets, audits, cash management, talent recruiting, best practices sharing, capital projects and long-term strategic planning—contribute as much or more to the non-profits' success as the money they give, Doyle says. Earlier in July, Capital for Children's \$147,500 in grants to nine youth development groups, putting their cumulative donations over the \$1 million mark.

Some firms in the PE dealmaking world donate a portion of their profits to charities: the BlackArch Partners middle-market investment bank in Charlotte, North Carolina, and New York-based Silver Lane Advisors, a financial services-focused M&A advisory firm, are two examples. Silver Lane donates about 5 percent of all its success fees—fees generated by closed deals—to charity, with clients, employees and board members of the firm getting a say in where the donations go. As a side benefit, the giving program has helped recruiting with recent college graduates, who increasingly seem to share the view of Silver Lane's founder, Elizabeth Nesvold: "that with success comes the responsibility to give back," says Peter Nesvold, Silver Lane managing director and husband of the founder.