

# Dealmaker

## Net Gain

By adding Wall Street tactics to the playbook, Steve Orr is helping New York City youth charities score big.

By Britt Erica Tunick



Just as the clock runs out, a shot from behind the three-point line swishes through the net -- one last gibe at their opponents by the home team. With the scoreboard showing a final of 32–24, Steve Orr is among the smiling faces on the sideline. Orr, however, couldn't care less which team has won. Instead, what has made this banker-turned-philanthropist's night is the crowd of private-equity bankers, hedge-fund managers, high-school students and former New York Knicks players who surround the court.

For the players, the sound of the buzzer confirms the private-equity team's win, marking a second straight victory over their hedge-fund rivals in the two-year-old spotlight game to raise money for -

basketball teams at New York City high schools that otherwise couldn't afford them. As a handful of PE bankers spill onto the hardwood to congratulate their colleagues and taunt the losers, the noise level rises inside the Park Avenue Armory's cavernous gymnasium. Players, coaches and referees head to the five other courts that fill the room to kick off a round-robin tournament featuring 24 teams -- each comprising a mix of high-school students and representatives from the corporations that have paid either \$15,000 or \$25,000 apiece to sponsor a squad.

The flurry of activity is all part of this year's Net Gain Basketball Tournament, one of three major fundraising events hosted annually by Youth, I.N.C. (Improving Nonprofits for Children), an organization founded by Orr that aims to help New York City children's charities expand and get better at what they do.

A former Goldman Sachs banker who worked in the firm's financial-institutions group, Orr, 54, left his high-paying job 17 years ago, refashioning himself into a leader in the nonprofit world. That's not to say that he left Wall Street -- or the golden Rolodex he developed there -- behind entirely.

As cofounder and managing partner of Washington, D.C.-based Orr Associates Inc. -- a consulting firm for nonprofit groups -- and the executive director of Youth, I.N.C., Orr has put the skills he acquired on Wall Street to work for charities, teaching nonprofits how to better run their organizations and providing them with the resources to do so. He splits his time between his two groups, but Youth, I.N.C. is where his heart truly lies. "Youth, I.N.C. is my passion, and if I could do it full-time I would," says Orr, whose Wall Street origins have helped him garner support from some of the biggest names in high finance, including LBO kings Henry Kravis and Stephen Schwarzman and hedge-funder Marc Lasry, a managing partner at Avenue Capital.

A native of East Grand Rapids, Michigan, Orr got an early sense of the importance of charitable efforts from his parents. His mother was involved with the Junior League; his father, the owner of a Michigan company that manufactured bumpers for the automotive industry, took things to a whole other level, spending half his time volunteering with a refugee-rescue organization and a cultural and leadership exchange program with various charitable groups in Central America. "It was interesting seeing

philanthropy through my father's eyes, and the impact that a town in Michigan could have on global activities," Orr says. "But I didn't translate that in my mind into any sort of career path."

Though he often helped with his father's volunteer efforts, Orr sought a career on Wall Street. He - received his undergraduate business degree from Michigan State in 1976, then headed to Thunderbird, the American Graduate School of International Management in Glendale, Arizona, for his MBA. Afterward, he spent a year at Chemical Bank, took a job in sales and trading on Citibank's New York foreign-exchange desk, and in 1984 jumped to PaineWebber to head the firm's capital-markets desk.



Two years later, he joined Goldman's investment-banking division, where he covered commercial banks, insurance companies and thrifts.

But after having spent more than a decade on Wall Street, Orr began questioning whether he wanted to work on banking transactions for the rest of his life. Aware of the myriad problems faced by New York's poor urban youth, he began searching for volunteer opportunities. "I started looking into charities and ways I could participate, give back and help out," he says. "But when I went to institutions like the United Way and asked how I could volunteer beyond giving money, there was really no avenue they could figure out to employ my market expertise and merger knowledge."

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Orr found his chance in 1991, when Geoffrey Boisi, Goldman's then-head of investment banking, helped launch the National Mentoring Partnership, a Washington, D.C.-based youth program. With plans to take a two-year sabbatical from Wall Street, Orr moved his family to the nation's capital.

Recognizing that the funding and organizational needs of many nonprofits mirror those of the companies private-equity professionals work to turn around, Orr saw a business opportunity that led to the founding of Orr Associates Inc., his for-profit consulting outfit. OAI helps nonprofits with everything from fundraising to restructuring their day-to-day operations to the recruitment of board members -- an approach that proved attractive among its target audience. Its clients range from massive organizations (the United Way) to smaller groups (Ethel Kennedy's RFK Memorial Foundation).

As OAI began to take off, Orr frequently found himself thinking about the troubles faced by many of the tiny youth-oriented charities he had come across in New York. These organizations were frequently run by teachers or medical professionals who were nonetheless under-equipped with the skills needed to successfully operate, and grow, a nonprofit. "When I traveled through Harlem and the Lower East Side and met with these groups, it was very clear that they needed talented professionals and the capacity to build," Orr says.

In 1994, he once again drew on his Wall Street skills and contacts to found Youth, I.N.C. The group, a kind of miniature, not-for-profit version of OAI, forms partnerships with small charities, reviewing every aspect of how they're run and identifying resources needed for improvement. Participating nonprofits are given deadlines and are required to demonstrate specific examples of the progress they've made, whether bolstering their information technology or adding board members.

Orr's connections have proved crucial to Youth, I.N.C.'s success. The 72 people who serve on its three boards read like a who's-who roster of high finance. "What Youth, I.N.C. does is very similar to managing a private-equity or hedge fund, where many of our board members work," says Ted Virtue, CEO of MidOcean Partners and co-chair of Youth, I.N.C.'s board. "We bring resources, both intellectual capital and real capital, to nonprofits that otherwise wouldn't have the opportunity, the resources or the knowledge to grow."

Virtue, an avid high-school and college basketball player, got involved in Youth, I.N.C. when Hanover Capital Holdings chairman Reed Miller, a friend and a member of the group's board, encouraged him to help with the Net Gain tournament. When the private equity-versus-hedge fund showcase game was added last year, Virtue eagerly captained the PE team, recruiting the best players he could find. He's proud of the event's continued growth, noting that the most recent tournament raised \$750,000 -- money used to pay for court time and support basketball teams at 17 Manhattan high schools.

Says Erik Shold, a 36-year-old biology teacher and basketball coach at New York's Landmark High School, "The money raised from Net Gain allows us to have a basketball team, even though we don't

have a gym. And that's a tremendous help in getting students into the school culture and creating an identity." Because the students who benefit from Net Gain's proceeds are required to participate in local service projects organized by Youth, I.N.C., Shold says the program instills in students the idea that they, too, can give back to their communities.

For Craig Meisner, executive director and CEO of CampInteractive, a nonprofit that runs adventure and knowledge programs for urban youth, partnering with Orr's group meant the difference between survival and failure. When Meisner took over CampInteractive in 2004, its finances were meager. With so many people still focused on helping 9/11 recovery efforts, fundraising was nearly impossible.

But after meeting with Orr and board members at Youth, I.N.C. to craft a reorganization plan, that scenario changed. Meisner and his colleagues worked with Youth, I.N.C.'s consultants, who helped them create a long-term strategic plan and attract financial professionals as donors and board members.

"Before I met Steve, I didn't even know what private equity was.

But now we've been able to raise awareness among that group," says Meisner, pointing to CampInteractive's recent addition of Adam Levinson, co-chief investment officer of Fortress Investment Group, to its board.

Such tangible results reach to the core of Youth, I.N.C.'s plan. The group keeps close tabs on each of its client organizations, and, says Rick Schifter, a partner with TPG Capital and secretary of Youth, I.N.C.'s board, you can measure the success of its programs "by just seeing what the nonprofits raise after they get involved."

Every year, Youth, I.N.C. hosts a fundraising gala called A Celebration to Benefit Kids, at which managers from the 22 nonprofits it supports learn to market their charities to donors. Each group holds a cocktail party, followed by a collective gathering where kids being helped by each charity mingle among the crowds.

The event takes a hands-on approach, enabling charity operators to practice and develop their fundraising techniques on the roughly 2,000 high-net-worth individuals the charities have brought to the gala. "It's about teaching them the skills that they need and helping them open doors," says Hope - Clements, Youth, I.N.C.'s director of development.

For CampInteractive's Meisner, the Celebration gala has been an invaluable assistance. Of the \$2.5 million total raised among the event's participants last year, CampInteractive took in \$125,000, up - substantially from the \$12,850 it raised in 2003, its first year at the event.

To Orr, such growth is an indication that the program he created is working -- evidence that will enhance his ability to continue recruiting the experienced finance pros who are key to his organization's success. "What I learned at Goldman is that it's all about the team," he says. "Youth, I.N.C. is about building a viable model that can, hopefully, change a lot of kids' lives. I'm trying to find people who want to be a part of that team."

## Scorecard

Steve Orr

**Age:**54

**City:** Washington, D.C.

**Firm:** Orr Associates; Youth, I.N.C.

**Positions:** Cofounder and managing partner; founder and executive director

**Education:** B.S. in business administration from Michigan State, 1976; MBA from Thunderbird, the American Graduate School of International Management, in Glendale, Arizona, 1979

**Career Arc:** After a year at Chemical Bank, Orr started at Citibank in 1980 on the firm's foreign-



exchange desk; in 1984, he moved to PaineWebber to head its capital-markets desk. In 1986, he joined Goldman Sachs's investment-banking division. Cofounded Orr Associates in 1991 and founded Youth, I.N.C. three years later.

**Really Big Deal:** At Goldman Sachs, Orr was directly responsible for landing Columbus, Ohio-based Bank One's \$350 million equity offering in 1990.