

## Guidelines and Recommendations for Starting an Institute

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### INTRODUCTION

This short paper is designed as a very basic introduction to think tank creation for institute entrepreneurs who are just getting started. It consists of ideas and advice that Atlas has developed and compiled from working with institutes during the past two decades.

Keep in mind that Atlas works with institute entrepreneurs from all kinds of backgrounds -- from young scholars to experienced businessmen -- in places as diverse as Washington, DC and Nairobi, Kenya. Given this diversity, it is impossible to prepare written materials suitable for everyone. Included here are general principles that Atlas has found to be helpful to a large majority of think tanks.

This starter kit is truly a "work in progress." If you have advice that you think should be included, please drop a line to Jo Kwong at [jo.kwong@atlasUSA.org](mailto:jo.kwong@atlasUSA.org). We look forward to partnering with you in our effort to promote freedom around the world.

## **GETTING STARTED**

### ***Aspire to Make a Difference***

First and foremost, it is important that, as a new or potential think tank leader, you set your sights high. Make a point to always remember the importance of the work you are doing. In deciding to create a free market, public policy institute, you are joining a fascinating group of people who are passionately committed to making a difference in the world.

By advancing the principles of freedom, you can help change the climate of opinion so the virtues of free enterprise, individual liberty, personal responsibility and voluntary action are better understood by the public at large. Future generations will have greater opportunities to pursue their own dreams as a result.

### ***Try New Ideas***

The earliest market-oriented think tanks began around the middle of the 20<sup>th</sup> century. The movement began to grow substantially in the 1970s and that trend continues to this day. As we continue to learn about our industry, and its state of constant change, new institute entrepreneurs should not be afraid to try new ideas – it's the trial and error process that accelerates innovation.

At the same time, there is no reason to reinvent the wheel. Atlas and most of the people in our network of think tanks sincerely want to help newcomers.

Intellectual entrepreneurs who have the right attitude – a humble desire to learn from those who have gone before, matched with a willingness to ask "but why not try it this way?" – can make great strides over a short period of time.

When devising your programs and objectives, answer the question: What do I really want to do? Once you have your answer, find a way to make it happen. If you work from the opposite direction ('I don't have enough money, therefore I can't do that'), you will accomplish very little. Necessity is the mother of invention; use necessity to your advantage. Find creative ways to accomplish your goals, not creative excuses why something can't be done. (Kurt Weber, Cascade Policy Institute, USA)

### ***Strive for Excellence***

Think through each decision carefully, striving always, for the highest quality and the highest caliber in everything you do. Every report, program, conference, or staff person is a direct reflection of the institute. Shabby efforts and products lead to a shabby image that will be hard to reverse. Apply standards of excellence, right down to the receptionist who answers your phone. Remember, for many people, this will be the very first contact ever made with your institute. As John Blundell, Atlas's former president always said, "It's better to do 8 things at A+ than to do 10 things at B-."

## **SETTING UP AN INSTITUTE**

### ***Analyze the Market***

For-profit businesses are very aware of their “competitors.” All too frequently, many people approach Atlas with an idea for a think tank, but they have not looked at what organizations currently exist. If there are other organizations with a mission similar to yours, you need to have clear ideas about how your organization will differentiate itself and provide new value. Who will be interested in funding your organization? Why will your organization be more appealing to these donors than other charities?

A for-profit company would never roll out a new product without confirming there is a market for it. You need to conduct the same due diligence for your think tank!

In determining the niche, decide how the think tank is going to get involved in the debate. Is it at a higher philosophical level or an applied policy level? If the latter, will it get involved in particular policy issues or publish and work at a more general level. For example, will the institute publish on pensions policy or on particular government proposals for pensions, or both? (Philip Booth, Institute of Economic Affairs, United Kingdom)

### ***Become a Student of Management Topics***

Many people who try to start think tanks are academics who don't take seriously the business of running a think tank. Your efforts can only grow and expand their impact if you are serious about building a lasting organization. Get serious also about studying management. If possible, look for executive directors from the business sector. Look for ways that for-profit management techniques can be integrated into your non-profit organization.

We need to pay attention to the principles of good management. Along with your institute, you can suffer untold personnel problems without knowing why. Read books on the subject; it's a constant learning process. (John Goodman, National Center for Policy Analysis, USA)

If you have had little managerial or negotiating experience, read a book on how to negotiate. This will prove beneficial in the short- and long-run, whether you are contracting for studies, managing others, renting a room for a speaker, or just about anything you do during a day at the office. (Kurt Weber, Cascade Policy Institute, USA).

### ***Select a Name***

In choosing a name for the institute, there are several things to think about. Is there a readily apparent “nickname” or abbreviated name that flows easily? (“Atlas” from “Atlas Economic Research Foundation” works, but “Michigan” doesn't from the “Michigan Public Policy Institute”) Is this nickname unique or do others also use it? Is it one you would like to be known as? Remember, press credits are difficult if an institute's name is too long. Does the acronym work, or does it spell anything odd?

Names such as "Freedom Institute" are not very descriptive. Then again, some institutes deliberately pick names that convey little information in the hopes that it will enable them to participate in a wider variety of opportunities. Think about the level of information you would like to convey in your name. Your decision may rest on the culture within which you work – if the name you choose is likely to generate hostilities because of misplaced assumptions associated with certain words, you might want to go with something less descriptive.

We started with another name, and then changed it to the Adam Smith Institute, something more recognizable. We try to cultivate an image of standing very high, because the higher you stand, the further your voice carries." (Eamonn Butler, Adam Smith Institute, United Kingdom)

### ***Define Your Mission and Stick to it!***

Successful think tanks are very clear about the reason they exist. Take time to develop a succinct, concise, easily repeatable mission statement. Once you come up with your guiding mission statement, consider displaying it on every desk in your office. With each decision that comes up, ask yourself, "How will this opportunity help advance the institute's mission?" If you have trouble answering that, it might be a good time to say "no", regardless of how easy the money seems or how great a favor it might be to some one.

Get an identity for your institute, map out a program and stick to it. There will always be temptations to veer away from it, such as funded offers to undertake research you are not prepared to do. My advice is to turn them down. If you spread yourself too thin, you won't get anything done. (John Goodman, National Center for Policy Analysis, USA)

I think Yogi Berra put it best when he said, 'if you don't know where you are going you'll end up someplace else'. (Michael Walker, The Fraser Institute, Canada)

At the same time, there's no need to stick to the same mission forever. As the institute develops, it may face new opportunities to achieve different objectives. Work with your board to determine whether or not to redefine your mission. The important point is to have a guiding mission that accurately reflects your work. You can change your work, but first change your mission.

### **APPLY FOR TAX-EXEMPT STATUS**

As soon as you are firmly committed to creating your free-market, public policy think tank, it would be wise to apply for your tax-exempt status. In the US, this typically means filing for the 501(c)(3) status with the Internal Revenue Service. (Under IRS rules, non-profit corporations which are formed for charitable, scientific, religious or educational purposes are called 501(c)(3) corporations.)

The IRS filing process can be lengthy. Institutes have generally reported 3 to 12 month response times from the agency. For this reason, Atlas recommends that you get your application in early. The sooner you get your IRS ruling, the easier it is to begin fundraising. Institute entrepreneurs in the United States need to check state statutes for information about incorporation and corporate operations.

It is important that your organization have its objectives and its by-laws clearly established from the beginning--a legal structure to prevent its being co-opted for different purposes than you had in mind when you started. It should be incorporated as a nonprofit, charitable organization, and that contributions to it are deductible from the donors' income before tax. (Pat Boyle, The Fraser Institute, Canada)

Do things right the first time; employ knowledgeable professionals who know what they are doing. We made a lot of mistakes in setting up our constitution, relying on friends for lawyers and accountants, who charged nothing. Later, when it had to be redone, getting our tax status changed (on the income side, not the donations side), we paid big people to take our case to the tax department, a costly maneuver, but it saves us \$30,000 in tax. (Greg Lindsay, Centre for Independent Studies, Australia)

## **OPERATIONS**

### ***Seek out Opportunities to Learn from Others***

One of the best ways to learn from others is to attend events and workshops that will present opportunities for networking. Atlas workshops are designed specifically for this. Keep abreast of other movement events by checking the events calendar on the Atlas Web site, [www.atlasUSA.org](http://www.atlasUSA.org). When you have the opportunity to meet others in the movement, be relentless in asking questions about their successes and failures.

One temptation to be wary of: many meetings involve discussions of policy topics and classical liberal ideas – the things we all love to talk about – but remember that your biggest challenge will be in building a thriving organization. At these networking events, try to “talk shop” about management topics and projects you can develop – not just academic and policy ideas.

### ***Focus on Ideas***

In the ideas world, we are trying to affect long-term change. Friedrich von Hayek wrote about the important role of journalists, teachers, and other “second-hand dealers in ideas” in his essay, *The Intellectuals and Socialism*. To thrive, ideas must be disseminated and spread by such dealers. Free market think tanks can serve as the intermediary that brings the ideas to the second hand dealers, allowing them to help change the long-term climate of understanding. By focusing on ideas, we can broaden our base of potential support, rather than alienate folks who only relate to political labels.

Some programs are designed to target large numbers of people, the grassroots. Atlas institutes tend to focus on the “grasstops” – the leaders or gatekeepers of ideas. By definition, that is a much smaller constituency. (John Blundell, Atlas and Institute of Economic Affairs, United Kingdom)

One thing that we like to stress at Timbro is the importance of creating platforms for intellectuals and other qualified opinion makers. Most of the material we produce – Johan Norberg's book is an exception - is written by people not directly employed by Timbro. We try to create a wide network of people who feel that they are part of what in Sweden has come to be called Timbrohögern, the Timbro right. Another priority is to engage young people, especially politically active students. The importance of that cannot be overestimated. (Mattias Bengtsson, Timbro, Sweden)

### ***Political Affiliations***

Because the work of an institute involves national and local policy issues, there is inevitable confusion as to whether the institute is 'political,' or whether its free market preferences automatically associate it with 'conservative' administrations. It is imperative to avoid reinforcing misperceptions by affiliations with political persons, i.e., on the board or among the authors. Potential donors are shy of sponsoring a party-oriented group. Our objective--to find and publish better solutions to problems in hopes of assisting policy decisions--is a totally nonpartisan approach. Many issues have not been adequately studied (i.e., money systems, educational systems, retirement systems, etc.), so no literature or body of opinion, whether left or right, supports any course of action whatsoever.

We are political in that we do political economy all day, everyday. But that is not the same as “party political.” (John Blundell, Atlas and Institute of Economic Affairs, United Kingdom)

“We don't lobby, we publish studies which address policy issues facing American lawmakers. We distribute copies to every member of Congress, to committee and Congressional staff members with an interest in the subject, the White House and Executive branch officials, and to the national news media. Though Heritage does not take a formal institutional position on any of these issues, we encourage our analysts to express their views in the clearest possible terms, and to structure their

arguments in persuasive, logical ways. We don't expect anyone to agree with their findings. We never ask anyone to vote one way or another on a particular proposal. The Heritage Foundation is totally involved in the policy making process. We do not sit on a lofty perch on the sidelines and think grand thoughts; instead we are directly involved in the battle of ideas that goes on day after day in the political trenches of the nation's capital. We provide a bridge between the worlds of scholarship and politics, one a world of ideas, the other a world of action, one an esoteric world, the other a very pragmatic one." (Ed Feulner, "The Heritage Way", The Heritage Foundation, USA)

Maintain favorable relations with legislators of all stripes. Most likely you will be closely aligned with a given political party due to your economic philosophy. However, to drift too close means the other party/parties will shun you in the future and your clout will wane with the changing of the political guard. Further, the press will dress you in partisan clothes, which will cause the general public to believe you are a partisan, not an educational, group. Thus, it is important make great effort to reach out to those who are hostile to market-based ideas. Make constant effort to include members of the opposition party/parties in your forums, debates, and seminars. Your organization is educational, not political; it seeks long-term solutions, not short-term political gains. To paraphrase Thomas Jefferson, enjoy peaceful relations with all, entangling alliances with none. (Kurt Weber, Cascade Policy Institute, USA)

It may be tempting, particularly if you have good political access, to go directly to the prime "shakers and movers" of government. But, our work in the world of ideas requires patience. We are trying to affect the long-term climate of opinion, and hence, education of the public is of vital importance. Don't make the mistake of bypassing the electorate. Instead, take opportunities to educate them directly about the issues at stake.

The changing of policy is like a relay race, where the baton is the policy change. It requires many runners to win. Policy think tanks are runners at the beginning of the race who pass the baton on to others who in turn pass it on to the main runners who are the electorate whose views have to be changed if we are to win. Our job is to make the baton as attractive as possible. Not too heavy or awkward so that it will be dropped or so light that runners will forget they have it. Politicians recognize when electors seize the baton and are quick to join the team in the last lap when victory is assured. Think tanks should avoid running the last lap since the political losers in that lap are potential teammates in the next race. (Michael Walker, The Fraser Institute, Canada)

Marx and Keynes had an all-pervading influence that we need to counteract. Their ideas have brought government intervention, which has failed to solve problems, causing more government intervention, which has failed to solve problems, causing more government intervention, causing, in turn, economic decline. (Antony Fisher, Atlas's founder)

### ***Maintain Independence from Universities***

Atlas seeks to work with *independent* free-market public policy think tanks. Institutes that are independent are free of vested interests, and hence, uniquely positioned to speak from an unbiased perspective. Too often, institute entrepreneurs have been tempted by university alliances. In virtually every case, the university link came with too many restrictions, leading to the departure, and re-establishment of the institute.

I do not know of a single public policy institute in the United States that is on a university campus that has not had problems with the university administration. You end up spending 30-50% of your time hassling with university bureaucrats who have a very low value on their time. These fights cost them nothing; they cost you a lot. You could go out and raise the money they provide in less time. My advice is to stay away from the campus unless they allow you to be completely independent and sign a contract to guarantee it. The costs invariably outweigh the benefits. There are probably some exceptions, but I'd worry that things would change when the university president, who favors you, retires. (John Goodman, National Center for Policy Analysis, USA)

## **PRODUCTS, PUBLICATIONS, AND PROGRAMS**

### ***Use Scarce Resources Wisely and Borrow Shamelessly***

There is a host of low-cost, easily reproducible products that can help get your institute off the ground. Most institutes in the Atlas network will freely offer reprint and publication rights of their articles. If you see an article that addresses a topic that you would like to get involved in, check with the institute. Ask if you can publish their piece, perhaps with a new cover that would better reach out to your audience. Of course, clear credits to the home institute will be required, but that reinforces the message that you are part of a broader, cohesive network.

For international institutes, don't hesitate to ask the US institutes for translation rights to their books. Most institutes are very happy to see their works expanded to new audiences through new language translations.

One of the cheapest and quickest ways of getting a book out is to grab some worthy academic on his way through your country and build a seminar around him; get all your supporters in for a dinner, then publish the findings. (Greg Lindsay, Centre for Independent Studies, Australia)

When we started up, we 'borrowed' the IEA book, *Verdict on Rent Control*. About half of our best selling book, *Rent Control: Popular Paradox*, was purchased from the IEA for \$500. The other half we added for local interest. I recommend it as a tactic for smaller, newer institutes. They are welcome to any of Fraser Institute's back publications without charge, and I am sure the IEA would be willing to allow that as well. One crucial point, however, is that there must be a section of the book that relates the broader international experience to local circumstances or else the locals will miss the point! (Michael Walker, The Fraser Institute, Canada)

We started by simply translating, publishing and promoting famous authors, specifically Hayek and Friedman. (Hannes Gissurason, Jón Thorlaksson Institute, Iceland)

### ***Contracting Out***

In the early stages, many institutes hope they can find the perfect policy analyst who can address every topic. Those folks don't usually exist. Instead, consider contracting out research opportunities to the true experts in the policy area. This will not only leverage your flexibility, but it will also give you an opportunity to reach out to some potential new partners. Many institutes start out as one-person operations, relying entirely on contracting out for services. It's not only very cost effective, but maximizes prospects for the future structure of the organization.

At the IEA we search for academics who know the relevant literature inside out. We say to them, "The scholarly journals are probably read by ten people at most. Write an overview for us in English and we will make you famous! Our first print run is 3000 and of that, 2000 go straight out on publication day!" (John Blundell, Atlas and Institute of Economic Affairs, United Kingdom)

Contracting out can be very effective and all of us use it to one degree or another. For studies, contracting out allows an institute to leverage in-house resources so as to create an inverted pyramid of impact. One year we produced seven books with three staff because of contracting out. .... We always peer review and pay from \$200 to \$500 dollars depending on the length and the degree of urgency as well as the caliber of the reviewer. The better names have higher opportunity cost. (Mike Walker, The Fraser Institute, Canada).

What we should be trying to do is to nurture home talent, particularly in countries where the case for the free society has not been made. One way to judge the success of an institute is to ask how many new authors it has found in the last year that were not known, big names. (Digby Anderson, Social Affairs Unit, United Kingdom)

### ***Communicating Your Ideas – Develop Media Lists***

(The comments below are excerpts from the article, "How Can Think Tanks Win Friends And Influence People In The Media?" by Brian Lee Crowley. The full text is available on the Atlas website)

Having sound ideas and doing the research to back them up are certainly a key aspect of your work, but it is only one half of your job. The other half is putting a lot of energy into strategic thinking about communications, and putting that strategy into effect.

The place to start is not with ideas, but with personal relationships. Journalists are moved much more by personal contact than by the best ideas in the world. One way that they economize on scarce time is by having a stable of people, experts in their field, in whom they can have confidence, knowing that if they are told something by these people, they can put a great deal of weight on it without running the risk of looking stupid or foolish.

Put your expertise to good use. Scour the newspapers and television for people who habitually report on issues that you are interested in. Begin to feed them information, on a piecemeal basis, through calls and letters. Be selective. Carefully cull information that they can immediately recognize as allowing them to write better stories on these themes— more hard-hitting, insightful, and controversial. Be very certain of your facts (remember, this is a confidence-building exercise) and document them with care. And (this is very important) don't be concerned at this stage about getting credit. Let the journalist look good thanks to your efforts. You will have accomplished two things. First, you will have established yourself in the journalist's mind as a credible source, and he or she will have a sense of being indebted to you. Then, and only then, can you really expect media people to take an interest in the things that you think are important. (Brian Crowley, Atlantic Institute for Market Studies, Canada)

Through our programs and publications, we "platform" people. Once they are on media lists as experts, they pop up for years, even decades, on radio and television – all because of one institute publication. It is very attractive and we do not pay much at all because the "research" is a sunk cost.! (John Blundell, Atlas and Institute of Economic Affairs, United Kingdom)

## **FUNDRAISING**

### ***If You Don't Ask, You Don't Get***

Believe it or not, the number one reason people give money is because they were asked.

When you approach potential donors, remember that you are giving them a great opportunity. If you have done your homework and identified a potential donor who has a reason to be interested in your ideas, you are not asking them for a favor. Rather, you are offering them a way to act on their interests – but your institute will do all the work! Approaching fundraising this way enables you to project confidence and speak with pride and passion about your institute's work.

It is important to link fundraising with marketing and the programs. Donors want to see what has actually been published in their own area of interest. On the other hand, if possible (and it is not always possible) it is helpful to keep donors away from sponsoring particular pieces of work, in case editorial independence is lost. (Philip Booth, Institute of Economic Affairs, United Kingdom)

### ***Effective Stewardship***

The manner in which you steward today's donors will greatly affect your donors of tomorrow. Pay attention to the seemingly small details. Recognize, for example, that the thank you letter is one of the most important tools for cultivation. As a general rule of thumb, send thank you letters within 24 hours of receiving the donation. Be sure that there are no errors, the salutation is correct, and a handwritten note is included.



### ***Seek Broad-Based Support***

Many institute entrepreneurs ask us for our top 10 list of grant making foundations. “Who are the foundations that everyone gets their money from?”

The answer? There is no magic list. Sure, there are a handful of foundations that support many institutes in our free-market network, but it is unwise to rely on these few donors to sustain you. In fact, the most successful institutes are those who have discovered and nurtured their own new donors.

Furthermore, avoid having one large donor. If you have the good fortune of securing one big grant, consider it the beginning of a good track record and nothing more. Don't become complacent and feel as if fundraising is under control. Markets can change, donor portfolios can change, and donors can simply change their minds. Several institutes have experienced devastating blows when informed that their “big donor” will no longer be contributing. Avoid the situation by diversifying – it can only bring benefits to your overall strength and growth.

We believe in the safety of numbers...having large numbers of people contributing, on the whole, modest sums of money to make up our budget so that none of them are dominant or can try and influence what we are doing. (Lord Harris, founder and president, Institute of Economic Affairs, United Kingdom)

Because a great deal of time must be devoted to fundraising, one tends to want to go to a few sources for large amounts rather than go through the more time consuming process of soliciting many sources for smaller amounts. However, if you upset one of your few sources, and sooner or later you will, your institute may not survive the withdrawal of funds. I know of no instance where a supporter, who held an overbearing position, didn't use it, even though not really meaning to. The ability of the institute to maintain its program the way it wants depends upon the diversity of support. Otherwise you become someone's pawn. (Antony Fisher, Atlas's founder)

### ***Grant Reporting Requirements***

The Atlas Economic Research Foundation sits on both sides of the fundraising equation: it raises money from donors, but it also makes small seed grants to institutes during their start up years. In its role as a grant maker, it is remarkable to see the number of institutes that fail to comply with grant making reporting requirements. You can be sure that this information is duly noted in our files!

Be sure that you clearly understand the grant reporting requirements and that you submit these requirements on time, without prompting from the grant maker.

As think tanks promoting a market economy, you will uphold the principle of transparency as one of the pillars of sound economics. The same principle must apply in your relationship between your organization and those who choose to financially support your work. Financial reporting has at least three stages. First, be clear in proposals about how you will spend the money, focusing not just on salaries and office equipment, but also on measurable activities and outcomes. Secondly, provide clear, concise, outcome-based reports to donors who have supported a specific project throughout the life of the project. In other words, as you find success, share the stories with those who helped make them possible. Finally, when the project is complete, provide a thorough report which lists not only activities but also how and why these activities helped you achieve the stated mission of your organization. Business people are inundated with requests for financial support. Those who are responsible in their reporting, in addition to demonstrating integrity, will develop long-term relationships with donors which will be beneficial to both of you. (Jerry Zandstra, Acton Institute for the Study of Religion and Liberty, USA).

### ***Stay Clear of Government Funding and Vested Interests***

Atlas does not seek or accept government funding. Beyond an ethical belief that we should only benefit from voluntary contributions (not funds coerced from taxpayers), there is great danger when a nonprofit relies on a big donor, especially one with vested interests in political outcomes. One of your greatest strengths is the fact that you are an *independent* institute, free of vested interests. This allows your authors and program participants to share perspectives and opinions that are unbiased. Do not undermine this strength and credibility by accepting government dollars. Similarly, never accept funding from contributors that ask you to produce research with a specific outcome.

### ***On Getting Money from the Government***

Having warned you of the philosophical dangers of accepting government money, there is no denying that it is extremely difficult to raise money for free-market causes in many countries. The US is blessed with a generous philanthropic culture that is rivaled by none. Many of our international colleagues believe that very little funding is available to them outside of government grants. In the end, only you can determine whether you should accept government funding or not.

### ***On Not Getting Money from the Government***

On the other hand, Antony Fisher believed that government money corrupts, which is why Atlas, Civitas, Fraser, Institute of Economic Affairs, International Policy Network and many others in the network refuse to accept money from government. To see how true this is just look at how the agendas of British charities have been utterly warped by their reliance on government money.

Most left-wing organizations and journalists see government funding as a sign of 'independence,' because in their minds, it is corporations that corrupt opinion. Yet, that doesn't seem to stop them from taking money from corporations either directly or indirectly (often through foundations funded from corporate stocks). It is going to be an uphill struggle to counter these misguided notions - and receiving money from government only adds to the burden. (Roger Bate, International Policy Network, United Kingdom)

Defenders of state funding argue that some organizations in receipt of state funding are vocal critics of the government. These people underestimate the extent to which politicians like to buy up their opposition. One very well-known charity for the homeless in the UK has acquired a reputation for being radical and anti-establishment, but it is well known in the voluntary sector that this organization is kept on a short lead and can only go so far in criticizing current government policy. Any troublesome statements at election time would result in a pretty sharp tug on the lead! The radicalism is largely a matter of image. (Robert Whelan, Civitas, United Kingdom)

The Fraser Institute came by its prohibition against taking government money because it was once suckered into taking government funding. A government department asked us to do a study, we said no. The government department asked how much would it cost to do the study if you were willing to do it? We told them. They then asked a government funded think tank how much they would charge...the answer was three times as large as the Fraser Institute estimate. The government department now came to the Institute and said, "won't you save the taxpayers 2.2 million dollars by doing this project? We did it and it was a great success but it distracted us from what we really should have been doing. That was twenty years ago and we have never done another one and never shall. Beware of governments offering gifts! (Michael Walker, The Fraser Institute, Canada)

Civitas shares a floor with 18 "voluntary sector" organizations. Our institute, along with only one other institute, does not accept government funding. We are regarded as very eccentric. One of the organizations, which depended entirely on government funding, went bankrupt last year because the terms under which their grants were awarded kept changing and there were long delays in the grant dispersals. Meanwhile they had hired offices and staff and eventually their bank foreclosed on them. One day the staff was told to go home - unpaid - and for weeks we could hear their phones ringing as young people on employment schemes (their line of work) were ringing in to find out why their mentors weren't in touch. It was tragic, and a lesson - in case I needed one - that you don't take state

money if you want to preserve your integrity. (Robert Whelan, Civitas- The Institute for the Study of Civil Society, United Kingdom)

On the other hand, some institutes in the Atlas network are engaged in government work to differing extents: some perform contract work for privatization, others offer deregulation advice or serve on advisory boards. In the end, what matters most is the work you do rather than who funds it. Consequently, (a) avoid doing things that directly undermine your credibility and (b) avoid becoming merely a subcontractor for the government, constraining what you say in order to keep the government happy.

### ***Focus on New Ways to Leverage New Opportunities***

In the US, we are living in an unprecedented time – there are currently more new dollars available at a faster rate than ever before, due to intergenerational transfers.

“This nation will witness an unprecedented transfer of wealth—to heirs, government, and charity—over the next 50 years,” writes Boston College professor Paul Schervish in a *Boston Globe* op-ed. According to an economic model he and a colleague developed, at least \$40.6 trillion will change hands from 1998 to 2052—and that’s a very conservative estimate. If one instead assumes that the rate of saving will remain at the usual historical level and that the average real growth of the economy will equal the 3 percent annual average of the past two decades, then the actual transfer of wealth will total \$73 trillion. And even that figure refers only to estates at death, ignoring the large gifts to family and charities that occur during Americans’ lifetimes. Combining lifetime philanthropic giving and charitable bequests, Schervish estimates \$10 trillion to \$25 trillion of personal wealth will go into charities during the 50-year period. After interviews with over 200 high net worth individuals, Schervish concludes, “wealth-holders are eager to use their money wisely”; the new philanthropists seek “a new relationship between donors and charities.” They “approach their philanthropy in the same entrepreneurial spirit with which they made their fortunes.” (*Philanthropy*, May/June 2002, p. 5)

Our job is to channel as much of it as possible to our work. Find potential donors who share your values.

When you are just getting started, you can create new opportunities to reach out to potential allies. Seek out areas of agreement among players, rather than differences, without straying from your guiding principles. For many institutes, economic issues are relatively safe bets to promote free market ideas, whereas social issues can be much more divisive.

Reach out to new audiences and involve new people whenever possible. You can never tell when an issue will resonate with someone. Too often, people do not embrace our ideas because they have never really had an opportunity to hear the issues, talk to someone about them, or read an eye-opening book. Many of our colleagues came to our ideas, for example, when someone took the time to give them books. (F.A. Hayek’s *The Road to Serfdom* and Friedrich von Mises’s *Human Action* seem to be the most frequently cited books that helped lead our colleagues to their free-market perspectives.)

## **BOARD DEVELOPMENT**

### ***Directors and Trustees and the “Give, Get, Govern or Get Going” Rule***

Every legal entity requires directors or trustees. Take great care in creating your board of directors. In the early stages, it is tempting to invite anyone who expresses interest in your work to join the board. But remember, it is much harder to “dis-invite” than it is to invite. Someone who does not work out can do a lot of damage that will be tough to undo.

When you invite people to join the board, be clear on expectations. Consider writing a job description which includes expectations about fund raising, meetings, etc. Some institutes offer a clear term limit. This protects both sides. The prospective board member will know how long his minimum commitment will be. The institute will have an easy way out (by not renewing the term) for a board member who has not worked out.

On the other hand, some colleagues regard this strategy as “a leadership copout.” From this perspective, you decide what’s best for the institute and take the necessary actions to achieve it, even if it results in hurt feelings. If the board member is truly committed to enhancing your institute’s effectiveness, they should be supportive of your well-intentioned efforts.

The wrong board can kill you; the right board can help you with potential authors, employees, the media, fundraising, etc. It makes all the difference in the world to your fundraising to have your potential donor recognize the names of some of your board as friends of his. It does half the selling job. If you have to delay starting your organization to get the right board, do so. I would try to get the board members to agree on some minimum contribution, say \$10,000, either giving it personally or raising it for you. It would be a great way to start an institute, as other donors ask how much support your board gives. If you say 'little,' they wonder why they should give. However, board members are skeptical at first. Then after you get some news coverage, they want to have a lunch for you and invite all these CEO friends. Their interest builds as you begin to do things. (John Goodman, National Center for Policy Analysis, USA)

There is a down side to having pressure on your Board to produce the money. That is they may reciprocate by putting the pressure on you to have a role in what the Institute does or in setting its mission. That is a mistake. The Board should not be involved in setting the policy agenda. The Board should be involved in setting the mission at the outset and then leave the policy content of the work alone. If they are doing a lot of work to raise the money they may forget this separation of powers. (Michael Walker, The Fraser Institute, Canada)

A widely accepted rule about boards is that they must “Give, Get, Govern or Get off.” Board members who do not lead to financial or in-kind support are simply not carrying their weight. Look for other ways for these folks to help out, but get them off the board!

Don't invite people who have never contributed to you in the hopes that being on your board might finally get them to. Make board membership something that you bestow on people who have *already* demonstrated their support and otherwise proven themselves to your case. (Larry Reed, Mackinac Center for Public Policy, USA)

### ***Optimal Size of Board***

In talking to institutes worldwide, there is general agreement that a workable board should be limited to no more than 15 members—with 20 being the uppermost limit. If you are in the fortunate position to have more potential board members than there is room, there are several options to consider.

### ***Advisory Board, “Emeritus Boards” and other Board Options***

Advisory Boards are great ways to include folks who do not fit the “give, get, or git” rule, but who you feel have important knowledge and input to contribute. Such boards are not governing bodies, but enable opportunities to keep people active and involved. Here, you can use well-known names of people who you may only call on from time to time. The commitment on both sides is much more informal, allowing both parties to benefit from a looser arrangement.

The academic advisory board is recruited from established academics, preferably university department chairs, who are accepted authorities in their various subjects, and are sympathetic with the objectives of the institute. The institute seeks academic credibility and the advisory board

members' names, appearing on the letterhead and in the publications, act as a certification to that effect. Every effort is made to insure rigorous analysis, and these names, associated with and indirectly responsible for the work, are a form of guarantee. These advisors may assist in reviewing manuscripts, for which they are paid, as well as advising on suitable researchers and authors for forthcoming books, and also on universities or libraries needing them.

Larry Reed at the Mackinac Center for Public Policy (Midland, MI) also suggests creating regional boards, which group board members geographically. These folks can be particularly helpful if you anticipate tackling issues that will have regional relevance.

At the Fraser Institute, the Board of Trustees takes care of the business side of the organization. The Executive Advisory Committee manages the monthly running of the Institute, while the Executive Director runs the day-to-day affairs. The Editorial Board controls what is published. The Board of Trustees usually does not see a publication until its printed; it has no input over what gets published; that is the responsibility of the Editorial Advisory Board and the Executive Officers. The Board of Trustees does not have anything to do with the intellectual side of the organization. Thus, everyone in the boardroom knows where the lines are drawn. Businesspeople may know their business but that doesn't mean they know the idea business. (Mike Walker, The Fraser Institute, Canada)

"If your board members are not contributing to the organization, ask them to step down--or be creative in demoting them. One established institute ran into difficulties with aging board members -- they were not actively contributing to the organization and were not stepping down. These board members were moved to a special emeritus board created especially for them. An executive committee of five more youthful members of the area's business community was formed." (Kurt Weber, Cascade Policy Institute, USA)

### ***Business Council***

A Business Council is a way of adding prestigious names for your fundraising without increasing the size of your board, and without requiring any financial or advisory responsibilities of people who are too busy to serve on your board. The use of their names does signify approval of your objectives, for which an institute is extremely grateful. (Antony Fisher, Atlas's founder)

## **THE BROADER FREE MARKET NETWORK**

### ***Check Out other Organizations that Serve the Think Tank Movement***

There are several other organizations that play a "service" role for other think tanks. Some of Atlas's prominent partners in the U.S. include the Resource Bank of The Heritage Foundation, the State Policy Network, the Leadership Institute and the Mackinac Center for Public Policy. Once again, make liberal use of the Atlas's Free Market Directory on the website to learn more about these organizations and the products they offer.

### ***Operating in "Difficult Climates" – Foster Partnerships***

Many Atlas colleagues operate in "difficult climates" – environments in which corruption is high, rule of law is weak, philanthropic culture is virtually nonexistent, etc. Many of these "heroes" have survived by partnering and collaborating with other institutes, particularly in the early stages. Don't hesitate to ask a well-established institute for help.

To make a big difference, work out at the start an active collaboration with an institute in the West. It is like a local business firm jointly working with a foreign firm for greater market share and productivity. MOER survives its 11th year because of its association with US/UK based institutes despite its low level of activities and support within the country. MOER's low-level activity can become moderately high once there is a joint-working relationship with institutes of the West in Bangladesh. (Nizam Ahmad, Making Our Economy Right, Bangladesh)

***Remember, the Competitive Model Works for Think Tanks, Too!***

Often, Atlas hears the comment “Oh, we already have a free market think tank in my state...or my city.” Well, that’s great! The more the merrier. If you’ve done your homework, and find that there is an important niche for what you have to offer, then turn your “competitors” into positive collaborators in your efforts. Established institutes can share their products with new institutes, which can in turn update, supplement or translate their research. This can create a climate in which institutes learn from one another’s mistakes and triumphs while also stimulating competition.

Use your competitors to your advantage: remind donors of how you are part of a bigger, collaborative movement of think tanks, each working to secure and protect free markets. You don’t have to undervalue your role, but let them see how you are part of a worldwide movement. This helps put the risk of investing in your new operation in a broader perspective. You may be new, but you’re building upon decades of experience earned and shared by others.

Be sure your institute is included with any and all lists of organizations in your state, region or city. The Portland, Oregon, public library system maintains a computer database of some 6,000 nonprofit organizations and associations. The Local Information Connection (LINC) contains information on groups such as their meeting times, membership information and mission statement. Similarly, see if your organization’s brochure can be included with the local Welcome Wagon packet for newcomers or set out at the Chamber of Commerce office. (Kurt Weber, Cascade Policy Institute, USA)

**OKAY, LET’S ROLL!**

Once you decide to really do it – to start a free-market public policy institute in your country – be sure you get involved in the broader Atlas network. We are here to help. Don’t be hesitant to ask for feedback or suggestions for any situation you find yourself facing. One of the most rewarding tasks each of our institute entrepreneurs faces is the pleasure of helping to expand our efforts. Together we are making an important difference to promote freedom around the world. Welcome aboard!

I’m very happy that you consider me a part of the family. It’s a family to be proud of. I want to share with the family all our experiences, our success and our problems, our good and bad times. (Andrés Mejía-Vergnaud, Fundación DL, Colombia)