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INDUSTRY NEWS

## Apollo Co-Founder Taps Private Equity Playbook for Educational Nonprofit

Marc Rowan is vice chairman of Darca Schools in Israel, which supports schools in underserved communities and geographies

BY PREETI SINGH

Marc Rowan, co-founder of global private-equity firm Apollo Global Management, spent decades buying companies with an eye toward improving them with new capital, leadership, accountability and operating strategies.

He used a similar strategy to shape a charity that seeks to improve educational access and social mobility in Israel. Mr. Rowan credits a strong education for his own success and said he wanted to provide the same opportunity to students who may not have had the same access to quality education.

Mr. Rowan isn't the only senior private-equity professional actively involved in philanthropic causes. However, his approach to helping lead the board of the organization shows how private-equity executives are using tactics and frameworks they have honed in their fund portfolios to drive change in the charities they support.

Developing a sustainable strategy that would improve educational access in Israel's underserved communities, including remote rural regions and poorer urban areas, took years, according to Mr. Rowan, who co-founded the nonprofit Youth Renewal Fund in 1989 to back external education intervention programs in the country. From raising funds for after-school programs



Marc Rowan tutoring students from one of Darca's schools at a model United Nations conference.

PHOTO: DALIA NAVA

to helping students learn English and other life skills that would increase their employability, the fund's strategy evolved to include training teachers in those schools, Mr. Rowan said.

"We realized that we could be in a school or in an area for 10 years, but when the leadership of that school changed, we started at zero again," Mr. Rowan said. "We realized it was all about the school leadership."

The search for engaging the school leadership in a meaningful way led the

fund to the nonprofit Darca Schools, which operates and manages schools in underserved communities, Mr. Rowan said. After a year of assessing Darca through a pilot program, Youth Renewal Fund merged with it in 2014.

Since Mr. Rowan joined the board, Darca has benefited from his private-equity playbook, according to Gil Pereg, chief executive of the combined organizations.

"Marc taught us to think like a for-profit company, to do more with less, to

identify and implement efficiency and to be innovative,” Mr. Pereg said.

One of the private-equity tools Mr. Rowan helped Darca adopt was an organizational focus on greater accountability among school leadership for measuring results and planning for unexpected challenges, according to Mr. Pereg. That included changing school leaders early when they don’t measure up, Mr. Rowan said.

Under Mr. Rowan’s guidance, Darca became more efficient in its use of its resources, lowering the amount of money it needed to invest per school while still improving student outcomes, which led to significant improvements in its cash flow management, according to Mr. Pereg.

Darca also provides additional capital on top of each school’s government-funded basic operating budget, which allows school leadership teams to develop training sessions

for teachers and add supplemental teaching hours and welfare support for students in the schools, Mr. Pereg explained.

Mr. Rowan’s insistence that the team had to “do more with less” led to embracing technology innovation such as virtual reality holograms, robots and drones as well as so-called gamification of learning, Mr. Pereg said. Under Darca’s “flipped classroom methodology” students do their reading at home and use class time with their teachers to process and implement the basic knowledge they gained on their own, Mr. Pereg said.

This helped Darca improve academic achievements without adding expensive teaching hours, and proved valuable during the pandemic when schools switched to remote learning, he said.

Average graduation rates across Darca’s 43 schools was 90% as of 2019, exceeding Israel’s national average at

the time, according to a spokesman for the schools. Before the merger, the graduation rates ranged from an average of 10% to 50% across the schools under Darca’s management, Mr. Pereg said.

Mr. Rowan also helped shape Darca’s expansion strategy, Mr. Pereg said. In 2018 Darca merged with the Azrieli Empowerment program, a program of the nonprofit Azrieli Foundation. The merger added 20 schools to the Darca system and brought in more capital to execute on its strategy, Mr. Pereg said.

Although Darca has made great progress, Mr. Rowan says the nonprofit still sees room for growth.

“We are not at our goal yet, but we have broken new ground with Darca,” Mr. Rowan said, adding that the successes feed into the broader economy because “when a school is fixed, the real-estate prices go up, and the community does what it needs to do.”