How is social entrepreneurship changing minds?

In describing the causes of poverty, Muhammad Yunus has often compared a poor person to a bonsai tree. The seed of a bonsai has the potential to grow into a full-size tree, but, planted in a tiny pot, its growth is stunted. To Yunus, a person deprived of education or opportunity is like a bonsai. The constraint isn’t the seed, it’s the pot. Yunus has noted that his “greatest challenge” has been getting this point across: changing mindsets about the poor, about financial institutions, about the nature of capitalism itself, which all stunt the growth of millions. “Mindsets play strange tricks on us,” he says. “We see things the way our minds have instructed our eyes to see.”

The most important mindset shift that social entrepreneurs are working to effect today is convincing people that the world’s toughest problems can be solved. In the United States, for example, over the past forty years, confidence in many social institutions, including government, religion, medicine, law, banking, public education, and journalism, has plummeted. In this context, organizations like the Grameen Bank, BRAC, Ashoka, Echoing Green, Teach For America, City Year,
the Harlem Children’s Zone and Youth Villages—to cite just a few examples—demonstrate new possibilities and may have the potential to renew hope and optimism at a societal level.

Social entrepreneurs also work to shift mindsets about what is possible at the individual level. Many have found ways to unleash human potential among individuals who have historically been viewed as incompetent, expendable, or beyond rehabilitation.

In India, for example, Childline enlists street kids as the front lines of a national child protection network. In Canada, the Planned Lifetime Advocacy Network has shown that disabled people who are welcomed as full community participants enrich others’ lives in unforeseeable ways. In the United States, Peace Games trains fifth graders in urban elementary schools to be “peace builders” who teach younger students how to resolve conflicts in lunchrooms and in the schoolyard. According to principals, the peace builders transform school culture, making it more conducive for learning. Whether they are prison inmates, illiterate peasants, ten-year-olds, or seventy-year-olds, we undervalue people when we define them by their perceived deficits.

Innovators flip the lens: they look for strengths to build upon. In so doing, they expose myths about the creativity, resilience, and moral agency of people who are poor, illiterate, disabled, drug addicted, incarcerated, or simply outside the age range we think of as productive years. They have demonstrated that institutions which assume that most people are competent and honest regularly outperform those which expect the worst.

In The Ecology of Commerce, Paul Hawken asserted that in every area of our economy we will have to find ways of accomplishing twice as much, with half the resources. To do
so, we’ll have to approach our challenges with what Buddhists call “beginner’s mind”—a way of thinking that is open, alert, and free of dogma and what Thorstein Veblen called “trained incapacity.” We have many examples to guide and inspire us today. Before microfinance came along, for example, bankers assumed that loans had to be managed one-on-one and secured with collateral, two stipulations that excluded the poor. And before Paul Farmer, Jim Yong Kim, and their colleagues in Partners in Health developed and promoted Directly Observed Therapy for multidrug-resistant tuberculosis and HIV/AIDS, few believed that these diseases could be successfully managed among the poor in developing countries.

Today, networks of schools founded by social entrepreneurs in the United States, like Green Dot Public Schools, Uncommon Schools, and the Knowledge Is Power Program (KIPP), are getting impressive—and sometimes amazing—results with disadvantaged students by modifying the structure of the school day and year, providing extensive support to teachers, engaging families, and employing a teaching model that stresses character education and high levels of class participation. Businesses are increasingly integrating social, financial, and environmental performance goals. And new health care models are improving outcomes and lowering costs by giving more discretion to nurses, offering patients simplified decision aids, and helping doctors to incorporate the best available evidence in their treatments.

All these changes have come about because people who were dissatisfied with the status quo sought alternatives to the old approaches. And just as X-rays and penicillin were discovered by scientists who were looking for other things, the social innovators behind these changes didn’t always know where they were heading. They experimented, observed,
and adjusted. Mike Feinberg and Dave Levin, the founders of the KIPP schools, spent years improvising their teaching approach, picking and choosing elements from educators they admired and figuring out how to engage students and their families.

People who see beyond existing frameworks have three qualities that stand out. The first is a passionate interest in simple, even seemingly childish, questions, such as: Why can’t we extend loans to villagers? Or: Why won’t the students pay attention in class? The second is a practice of questioning one’s own, and society’s, assumptions, and reflecting on how they play out in institutions: How do beliefs about inner-city children influence the way schools teach them? And the third is a persistence of looking and a determination to go to the source—in this case, the villagers, the students, or their parents—to gain a solid understanding of the problems at hand.

In the previous section we described how institutional and conceptual barriers impede problem solving and how social entrepreneurs play the integrating role. They also play an important role building institutions that help people understand the interdependent nature of global society.

Americans exalt self-reliance. It takes a system breakdown—a blackout or a tainted meat recall—to remind us that we depend on others every day and that others depend on us. Each day we all make small decisions that ripple out into the world in unforeseeable ways—everything from how we speak to our children, to what we choose to eat, to how we get around, to what products we opt to buy and how we dispose of them. One of the critical roles of the environmental movement over the past thirty years—from Earth Day to treehugger.com—has been to help people understand the relationship between individual behavior and large-scale environmental
problems, such as smog, river contamination, deforestation, species extinction, and global warming.

The psychologist Abraham Maslow defined a hierarchy of human needs that progress from survival to spiritual self-actualization. Philosopher Ken Wilber has argued that societies pass through analogous stages of consciousness, and, as they do, their values reflect a progressive appreciation of the integral nature of the world. Simply put, our thinking moves from “me” to “us” and, eventually, to “all of us.” The Pew Charitable Trusts has funded global polls that identify growing numbers of people worldwide who identify as “global citizens.” Paul Ray and Sherry Anderson, coauthors of the book The Cultural Creatives, report that 50 million people in the United States and 90 million in Europe share common values and regard the world as a single interwoven society and ecosystem.

In Nonzero: The Logic of Human Destiny, Robert Wright asserts that this mindset shift is a necessary evolutionary adaptation. He argues that the world has no choice but to move progressively from what he calls “zero-sum” to “non-zero-sum” thinking: from a model of interaction in which one party’s win is another’s loss to a model in which all parties benefit. The nature of today’s threats—from greenhouse gases to disease epidemics to economic crises—require coordinated global solutions. In a world where small actors, aided by technology, can destabilize nation states, the powerful can no longer ignore those presumed to be weak.

We are bound up in each other’s fate, Wright demonstrates, and many social entrepreneurs are building institutions that reflect this fact. The fair trade movement, for example, has helped consumers understand the economic and environmental ramifications of the coffee they drink and the T-shirts
they wear on the lives of farmers or garment workers half a world away. The Marine Stewardship Council has helped thousands of people involved in the fishing and seafood industries, as well as retailers and consumers, understand how they can take action to preserve the health of ocean life.

Groups such as Social Accountability International have helped businesspeople in industrialized countries, such as buyers or designers for large clothing chains, to understand the effects of their decisions. A late-season style change, ordered by a Manhattan-based designer, may require thousands of Chinese factory employees to work overtime for weeks to meet a compressed deadline. Today, that designer can weigh the benefits and the human costs before making the decision. Groups like RugMark International and Verité let consumers know when products are tainted by child slavery, illegal child labor, or other human rights violations. Increasingly, manufacturers and retailers are offering consumers “supply chain transparency” or “traceability” through codes that provide information about product origins.

Gandhi famously said that we must “be the change” we wish to see in the world. And Archbishop Desmond Tutu has spoken about the African ethical concept of “ubuntu,” which stresses the interconnectedness of humanity. “A person is a person through other persons,” Tutu has said. “We think of ourselves far too frequently as just individuals, separated from one another,” he explains. “[W]hat you do affects the whole world.”

These ideas are more easily understood at the personal rather than at the global level, even if they are always difficult to apply consistently. If we want to live in a more peaceful world, it is easy to understand that we should try to engage peacefully with our families, friends, and colleagues. Applying
this idea at the global level is complicated. Even Gandhi failed to take into account how his words would hurt poor textile workers in England when he asked Indians to burn their foreign-made clothes and wear only local hand-woven cloth. To consider all the effects of our actions on people and the environment is impossible.

Each effort and action, however, strengthens a sense of connection, builds empathy, and reminds us that our lives are contingent on others. Collectively, these fragments build support for larger structural changes. The creation of the International Criminal Court, for example, or the Convention on the Rights of the Child, are compacts that represent (near) global aspirations to protect and ensure the dignity of each life.

How could schools nurture social innovators?

In their book *The Scientist in the Crib*, authors Alison Gopnik, Andrew N. Meltzoff, and Patricia K. Kuhl observe that babies and toddlers from their earliest years “think, draw conclusions, make predictions, look for explanations, and even do experiments.” Children know far more about the world than adults imagine, and they seek to understand everything they touch and taste. During their first two years, they make extraordinary intellectual leaps.

For most children, intellectual development slows dramatically within a few years. By the time they are in grade school, children have lost much of the curiosity and resourcefulness that a few years earlier made them incomparable explorers. As the noted educator Eleanor Duckworth explains in her book *The Having of Wonderful Ideas*, once children enroll in school, their natural enthusiasm and inquisitiveness becomes subordinated to the needs of adults enlisted to teach them. A young child
who breaks something to see what it looks like inside, or asks a question that is socially embarrassing, or wants to discover how it feels to wear shoes on the wrong feet, will often be met with a discouraging glance or tone from an adult. Duckworth contends that many valid intellectual pursuits by children are dismissed by adults as trivial, unacceptable, or inconvenient. She argues that educators should encourage and structure moments when children can have their own ideas and feel good for having them. Only if children honestly believe their ideas are valuable will they develop the interest, ability, and self-confidence to be lifelong learners and doers. Duckworth adds, “Having confidence in one’s ideas does not mean ‘I know my ideas are right’; it means ‘I am willing to try out my ideas.’”

The heart of social entrepreneurship is a willingness to try out ideas that are helpful to others. Social entrepreneurs are action researchers: they learn primarily through experimentation, not just by relying on theory. They approach the world the way a tinkerer approaches a broken clock. Educating young people to think and behave this way is different from helping them to acquire knowledge. Presenting the educational challenge in this light exposes the limitations of standardized tests.

Given the way the world is changing, more people are going to have to improvise large stretches of their careers, responding to shifting needs and opportunities. Success may hinge less on what you know than on how well you learn new things, spot patterns, take initiative, and work with others. The development of empathy is critical to this process, as people now interact regularly with strangers who come from different cultures and have different values.

Empathy is a skill that improves with practice. Canadian educator and social entrepreneur Mary Gordon has
demonstrated that empathy can be effectively taught to elementary and middle school students. Her organization, Roots of Empathy, based in Toronto, helps tens of thousands of children acquire and apply this skill. The approach is novel: once a month, children receive a classroom visit from a baby and its parent, usually the mother, and an instructor who guides the lesson. The baby is deemed the “professor.” During each visit, children are asked to observe and explain the baby’s sounds, expressions, and movements, and to make connections with their own experiences. They learn to recognize and name the baby’s feelings, which helps them to understand their own feelings and those of their classmates. Students in classes taught with Roots of Empathy engage in markedly less bullying and less social exclusion (the most stressful experiences for children) and learn to manage their emotions and peer interactions more successfully.

Democracies need citizens who can empathize and identify with others, recognize problems, and collaborate in building solutions. They need citizens who can stay focused on long-term objectives and face adversity without quitting. They need citizens who are prepared to take the lead in bringing change when necessary. Several years ago, for example, Ashoka reframed its vision from building the field of social entrepreneurship to building a world in which “everyone can be a changemaker.” We believe these goals should be integrated into education beginning in grade school. Some may argue that it makes little sense to talk about educating children to be changemakers when we’re having enough trouble teaching basic reading and math. But as innovative educators have shown, children become self-motivated to learn when their ideas are valued. Unfortunately, as Duckworth notes, if teachers are pressured to stay within narrow guidelines, they
will have difficulty accepting the children’s divergence and appreciating their creations.

Even math, a subject that currently drains the confidence of many, can be transformed into an enjoyable experience for all. John Mighton, founder of the Toronto-based organization Junior Undiscovered Math Prodigies (JUMP), has demonstrated in hundreds of classrooms that, contrary to conventional wisdom, the vast majority of students can learn to become comfortable with math. Mighton developed a curriculum and structure for managing classes that allows students of varying abilities to experience success at each stage of learning, no matter how they compare with their classmates. In *The Myth of Ability*, he argues that educators mistakenly prioritize cognitive over emotional aspects of learning. The first goal should be to build confidence because that leads to heightened attention and self-motivated effort. In classes taught with Mighton’s methods, teachers report that children cheer when math period begins. It should come as no surprise that children enjoy progressively difficult challenges when there are opportunities to win at each level: that’s the secret behind video games.

To encourage more people to be changemakers, schools should help students to believe (1) that their ideas are valuable; (2) that it is good to ask questions and take initiative; (3) that it is fun to collaborate with others; and (4) that it is far better to make mistakes than not to try at all.

In her book *Mindset: The New Psychology of Success*, psychologist Carol Dweck offers another way to reinforce such beliefs: provide feedback to children that draws attention to effort, rather than to intelligence or talent. Dweck has found that children who are praised for being “smart” actually become less persevering. They come to believe that their achievements
stem from immutable natural abilities. Dweck calls this a “fixed” mindset, as opposed to a “growth” mindset, in which children are taught that their abilities and achievements are contingent on effort. She has observed that children with growth mindsets are more willing to admit mistakes and exhibit more determination in the face of adversity. These qualities are essential for social entrepreneurs.

The best way for schools to produce social entrepreneurs tomorrow is for them to encourage students to practice changemaking today. Youth-led social entrepreneurship is growing fast, but it operates largely outside the school system. Young people should study how other young people are successfully (or unsuccessfully) attacking social problems. Case studies taken from organizations like Youth Venture, Do Something, YouthNoise, Injaz, TakingITGlobal, Free the Children, the International Youth Foundation, or the Girl Scouts Challenge and Change program could easily be incorporated into class lessons. Currently, many schools promote service learning by engaging students in projects like cleaning up parks or distributing meals to the poor. These are worthy activities, but some students participate only because they are required to do so or because it looks good on a resume. A more innovative approach would be to expose students to serious problems and then challenge them to imagine and construct solutions, offering structured assistance to help them form organizations, raise funds, overcome bureaucratic hurdles, and evaluate their own work.

Finally, schools need to broaden the range of behaviors they encourage and reward. We celebrate academic achievement in the form of straight-A students who get into competitive high schools and top colleges; we celebrate athletes and gifted science students. (Winners of the Siemens Competition
in Math, Science & Technology receive $100,000 prizes and national attention.) Schools should do more to celebrate youth-initiated social problem solving through award programs, conferences, and storytelling.

Students enlisted to think creatively about improving their school, community, or city will grow into more powerful citizens. For the rest of their lives, they will be oriented toward finding solutions to problems. Educators will discover, as numerous social entrepreneurs have already, that students so engaged become key allies—not just better learners, but cocreators of more effective and happier schools.

**What is being done at the university level?**

Over the past ten years, social entrepreneurship has made inroads into academia, but it remains far from mainstream. The first course in social entrepreneurship was initiated at Harvard University in 1994 by Greg Dees, who now leads the Center for the Advancement of Social Entrepreneurship at the Fuqua School of Business at Duke University. Today, approximately 350 professors in 35 countries teach such courses, according to the *Social Entrepreneurship Teaching Resources Handbook*, compiled by Debbi D. Brock of Berea College and Ashoka’s Global Academy for Social Entrepreneurship.

Prominent schools, including Harvard University, New York University, and Oxford University, attract scholars interested in social entrepreneurship through competitive fellowship programs. Many leading business schools teach social enterprise and host social venture planning competitions. The Tata Institute of Social Sciences has developed the first MBA program in social entrepreneurship in India. In addition, social entrepreneurship has been integrated into curricula in schools of public policy,
education, design, urban planning, public health, social work, law, engineering, environmental science, and technology. It has also been taken up in many community colleges. The primary impetus behind these changes has been student demand.

At present, social entrepreneurship does not have a standard curriculum. The University Network for Social Entrepreneurship, launched by Ashoka’s Global Academy for Social Entrepreneurship and the Skoll Centre for Social Entrepreneurship at Oxford University, is building an online platform to assemble research and case studies from around the world. The question of where to situate and how to organize work that cuts across many academic disciplines has presented a practical challenge. Currently, the network places social entrepreneurship within the social sciences under the discipline of entrepreneurship. The *Stanford Social Innovation Review*, MIT’s *Innovations* and the newly launched *Journal of Social Entrepreneurship*, edited by Alex Nicholls of Oxford University’s Skoll Center, are, at present, the only journals in the field. Academics also publish in journals of management, entrepreneurship, organizational development, or public policy. To do so, they have to couch their ideas in the language of those disciplines.

Social entrepreneurship doesn’t sit well within traditional disciplinary boundaries. Someone hoping to address a problem in health care, for example, may need supporting knowledge from other fields, such as history, administration, and finance. A would-be social entrepreneur would ideally be able to pursue studies in a variety of faculties, plus have the opportunity to earn credit through practical experimentation.

One structure that allows this is the Reynolds Program in Social Entrepreneurship at New York University, the first university-wide interdisciplinary fellowship program in the field. This pioneering initiative, housed in the Robert F. Wagner
Graduate School of Public Service, is open to undergraduate and graduate students from every school and discipline. It counts on high-level support from the university president to navigate the rough political waters of an academic institution. The Center for Public Leadership at Harvard’s Kennedy School of Government also received support from the Catherine B. Reynolds Foundation to develop a fellowship program in social entrepreneurship. Harvard’s program is more narrowly designed to shape entrepreneurial public service professionals. It remains open to students from the graduate schools of government, education, and public health.

Numerous universities, including Columbia, Stanford, the University of Michigan, University of Navarra, Spain, and the University of Geneva in Switzerland, have established partnerships with groups such as Ashoka, Echoing Green, New Profit, Inc., the Skoll Foundation, and the Schwab Foundation for Social Entrepreneurship. These partnerships bring students, faculty, and social entrepreneurs into regular contact. One of Ashoka’s new initiatives with universities, Ashoka U, began by working with students, faculty, and staff members at Cornell, Johns Hopkins, George Mason, and the University of Maryland to help students recognize how they might advance change and strengthen social entrepreneurship teaching and research. Ashoka is now building a network of such campuses—spawning collaborative problem solving and integrating this kind of learning into the standard university education—so that schools reorient around the goal of fostering changemakers, rather than merely producing graduates.

These new university-practitioner partnerships are needed to generate research in many areas. Some pressing issues include finding better ways to assess impact, influence public policy, nurture entrepreneurial social leaders, finance and scale
up organizations, and disseminate social innovations. The question of how to advance behavioral and attitudinal changes within large organizations and businesses—the practice of intrapreneurship—also needs more thorough examination.

Universities legitimize new fields and careers. They expose students to different pathways at critical junctures in their lives. They bring an independent view that can give a wider and longer perspective than practitioners in any one field. Universities are well positioned to serve as incubators for student- or faculty-led social innovation. They could establish social change laboratories to evaluate social experiments more rigorously, the way MIT has done with its Poverty Action Lab. (To attract more intrapreneurs, universities also need to offer alternatives to the publish-or-perish career path.)

The problem-solving patterns and insights emerging from the field of social entrepreneurship can be grasped only by stepping back. Universities need to take the lead in assembling this knowledge, classifying and analyzing it, and disseminating it so people can make use of the lessons. Only 2 percent of the world’s population receives a college education. If important ideas are going to spread widely, those who enjoy access must share their knowledge with the other 98 percent. At a time when many scholars feel that academic research has grown detached from social priorities, the study of social entrepreneurship offers new opportunities for universities to address critical global needs.

While conducting research for his book *The Search for Social Entrepreneurship*, Paul Light surveyed 131 high-performing social organizations and found that their success depended less on the personality of their founders than on the disciplined application of (teachable) leadership and entrepreneurial skills. His research suggests that colleges and universities
can, in fact, do a better job preparing students to think and behave like innovators. Groups like StartingBloc, the Transformative Action Institute and the newly created Unreasonable Institute address this need among select undergraduates and young professionals. Their models should be emulated and integrated more broadly into university programs.

To develop social entrepreneurs more systematically, universities could establish innovation funds to encourage student changemaking and stimulate collaborations with leading social organizations. They could use their surroundings as laboratories for social problem solving, just as land-grant universities employ “extension” workers to develop university research into practical applications that address the needs of farmers, engineers, families, and businesses in the university’s home state. Universities can also offer courses in which students implement their ideas, receive guidance and feedback, and learn through practice much like medical residents learn from hands on training in hospitals.

Students should be invited to help shape curriculum, too. Today, many are insisting that courses in urban planning, business, design, and other disciplines address environmental and social concerns. Net Impact, an association of more than 10,000 socially concerned MBA students and graduates, advocates for such changes in business schools. Some universities have complied, but usually by adding elective courses in sustainable business or design rather than modifying core offerings in, say, finance or marketing (which usually omit sustainability considerations). These are typically added in response to student demand or due to the insistence of an internal champion. Universities could foster major changes by adopting the approach of schools like the Bainbridge Graduate Institute and the Presidio Graduate School, which integrate sustainability into every course.
One lesson of social entrepreneurship is that the character traits of leaders tend to be reflected in the institutions they build. Organizations that support social entrepreneurs look for high levels of integrity and trustworthiness in their candidates. Not only are such people more likely to build organizations that confer social benefits, but they are more likely to be successful in recruiting and retaining supporters. Recognizing this fact, universities with programs in social entrepreneurship often incorporate a social and emotional component that helps students reflect on their motivations, address fears and insecurities, and discover sources of resilience. They also build support by fostering a sense of community among students.

Universities are among the world’s oldest enduring institutions. They change slowly, rarely voluntarily. Because they are so expensive to run, they like their alumni to succeed in lucrative fields so they can give generously to their alma mater. It will therefore require serious effort, primarily by students, to persuade them to prioritize the job of educating social change leaders.

**What can governments do to engage more successfully with social entrepreneurs?**

On all fronts—substance, politics, and staffing—social entrepreneurs have a great deal to offer governments. In almost every country where they are free to operate, social entrepreneurs can draw upon practical experiences to bring new ideas, problem-solving acumen, and organizational skill to improve government performance. They have demonstrated that it is possible to manufacture better outcomes in areas where governments have had difficulty achieving results.
Government leaders and social entrepreneurs face very different pressures and have distinct needs. Working together has thus often been a struggle. As mentioned, elected officials need to show results in a relatively short span of time in order to retain power. They are punished more for failure than they are rewarded for success. The big fear in government is not ineffectiveness, but scandals or failures that can be exploited by the opposition. Governments, therefore, face extreme demands for accountability. They often design policies around the methods of accountability. Governments also respect hierarchy and territory. They work by committee and strive for consensus.

Social entrepreneurs, in contrast, insist on being insulated from day-to-day political pressures. They take a long-term view to problem solving. They require flexibility, the freedom to pursue ideas that challenge vested interests, and the ability to experiment and fail. They work independently, and they disregard protocol and institutional boundaries when these prove to be obstacles.

Historically, the two sectors have suffered from a mutual lack of respect and trust. Social entrepreneurs have tended to regard policy makers and civil servants as “bureaucrats”—detached from the impact of their decisions; policy makers complain that social entrepreneurs fail to appreciate the complexities of running large systems. Many government officials make no distinction between social entrepreneurial organizations and run-of-the-mill nonprofits, while social entrepreneurs insufficiently appreciate creative efforts that emanate from public agencies.

These tensions have impeded necessary collaboration. In a poll taken at an international conference of social entrepreneurs in Brazil in 2005, 80 percent of attendees said they...
needed to work more closely with governments to increase their impact, but only 20 percent were actually working with their governments or had a plan to do so.

In the United States, a coalition of more than 80 social entrepreneurs called America Forward, under the leadership of New Profit Inc., working with the Center for American Progress, put forward a set of policy ideas that led the Obama administration to create a White House Office on Social Innovation and Civic Participation and to support an innovation fund, for which Congress appropriated $50 million in seed capital.

The new office works to identify and scale high-performing social organizations, forge partnerships with business and philanthropy, and support national service and other forms of citizen engagement. The fund is designed to leverage private investment to expand “ideas that work.” The administration’s recovery act also allocated $650 million for a “What Works Fund” within the Department of Education, to be invested in school and community initiatives with proven impact. Intrapreneurs within the administration hope to build upon these early steps to demonstrate how governments can improve their overall effectiveness by harnessing the power of social innovators outside government. In so doing, they hope to shape a policy environment more alert to the potential of social entrepreneurs and citizen organizations.

What many American policy makers do not yet appreciate is that social entrepreneurship is qualitatively different from the “thousand points of light” idea, which President George H. W. Bush invoked to celebrate small-scale, grassroots, community initiatives twenty years ago. Social entrepreneurship is no more a little helper to government than business entrepreneurship is a little helper to the U.S. Treasury. It is becoming a primary engine for the invention and deployment
of solutions. Social entrepreneurship represents a fundamental reorganization of the problem-solving work of society: a shift from control-oriented, top-down policy implementation to responsive, decentralized institution building. It draws on a core insight of the twentieth century: namely, that a dynamic marketplace of ideas and initiative is the basis of a thriving economy. Under normal circumstances, governments understand this. When seeking to stimulate the economy, a government will look for ways to encourage enterprise; it won’t start its own companies to satisfy consumer needs.

Ironically, this pattern is often reversed when it comes to education, health care, and other social functions. In the social sector, governments are actively engaged in running service enterprises, not just funding or overseeing them. These public structures were created to ensure equality and universal access, which continue to be vital considerations. However, governmental structures that are ill-suited to running businesses do not necessarily perform better when running organizations to address social needs. In many areas, organizations run by social entrepreneurs achieve superior results.

The solution is not to simply abolish ineffective government programs but for governments to change the way they deploy their resources. Rather than trying to create their own structures to address problems, governments should look to develop and harness the potential of social entrepreneurs and citizen organizations to achieve policy goals, just as they do with business entrepreneurs and companies. In the past, when governments identified promising innovations in the social sector, they would supplant the organizations and try to take the ideas to scale within government. This model, known as pilot and scale, made sense in theory. Some group would demonstrate an approach to a problem, say, an early
childhood enrichment program; it would undergo a rigorous evaluation, and if the results were promising, the government would take up the idea and replicate it.

Most of the time, pilot and scale produced disappointing results for the simple reason that scaling an idea requires every bit as much entrepreneurship as piloting one. To scale an idea is to pilot the growth of that idea. Survival rates in business indicate that the growth phase is every bit as risky as the launch phase. Scaling requires continuous learning and adjustment, a job that takes more flexibility than governments, as currently structured, usually enjoy. We wouldn’t think of asking a government agency to replicate a profitable business. What policy makers should recognize is that replicating a successful social organization is not that different.

To engage with social innovators more successfully, governments could systematically survey society for social entrepreneurs who have demonstrated results and growth potential and assist them in taking their ideas and organizations to scale. In doing so, the government should think like a gardener, rather than a builder. A gardener knows that he cannot make a plant grow. The best he can do is identify good seeds and soil, provide nourishment and protection from the elements, and keep a careful watch. Plants grow of their own volition. No one can mandate the healthy growth of an organism—and an organization attacking a tough social problem is very much like an organism. Its growth is a tenuous affair. Governments need new mechanisms to seed and grow social innovations. The Obama administration is now exploring this challenge with its What Works and Social Innovation funds.

To be successful, governments will have to shift from a model of running programs and purchasing services from low-cost providers to a model of investing in and providing
different forms of assistance to high-performing institutions led by entrepreneurs. Some of these changes are underway in the field of international development in response to government’s lackluster performance with aid projects and the superior achievements of social entrepreneurs. Historically, foreign aid was channeled almost exclusively through governments. Today, donors give more resources directly to citizen organizations. Microfinance played a major role accelerating this trend; social enterprise is poised to follow suit.

To make this shift, governments should focus on building respectful partnerships with outside groups that are implementing solutions. To help those organizations expand, they should shift from providing after-the-fact payments for services to front-loaded, equity-like investments that are large enough to fuel expansion plans and linked to performance. Governments need to find ways to oversee significant long-term investments in institutions, without assuming control of those institutions. And they will have to become skilled in communicating the rationale for this new approach to the press, because it will produce both successes and failures.

In addition, governments will need to overhaul the current framework of incentives and regulations that constrain social entrepreneurship, including social enterprise. Governments could do the following:

- Make it less burdensome for people to open and close social-purpose organizations
- Make it easier for citizens to receive tax benefits for contributions of money and in-kind services. (In many societies, citizens and corporations cannot claim tax deductions for charitable contributions.)
• Expand national service, leveraging AmeriCorps and Experience Corps-type programs to engage more citizens in problem solving
• Hold conferences of social entrepreneurs, policy makers, philanthropists, businesspeople, researchers, journalists, and others to identify new solutions, address blockages, and expand on success
• Create cross-sector fellowships to bring social entrepreneurs into government and place policy staffers in social organizations. Congressional staffers, legislative committees, and political campaign directors understand politics better than the particulars of solutions, while social entrepreneurs understand how to address problems but not the nuances of political deal making
• Introduce innovation funds within all government agencies for investment in high-performing institutions
• Engage with philanthropists and impact investors to encourage the development of a social capital market
• Modify the tax treatment of the newly created L3C (low-profit limited liability) corporation and other social-purpose businesses to make them more attractive to investors

Many of these ideas are already being explored at city, state, and national levels. In his study *Advancing Social Entrepreneurship: Recommendations for Policy Makers and Government Agencies*, Andrew Wolk describes numerous examples in which social entrepreneurs collaborate with governments to achieve policy goals. One example is ITNAmerica, a nonprofit transportation service for seniors that has received government assistance at all levels, including funding and policy support, to replicate its model in several cities. In Indianapolis, former
mayor Bart Peterson and former Charter Schools Director David Harris created The Mind Trust to recruit education-focused social entrepreneurs to the city. Peterson’s predecessor, Stephen Goldsmith, authored *Governing by Network: The New Shape of the Public Sector*, which also details how governments are forging new kinds of partnerships to tackle social problems more effectively than in the past.

It’s important to emphasize that while governments are not necessarily the best actors to implement solutions, they remain responsible for the provision of solutions. Parents are responsible for their children’s health care, even if they don’t perform the vaccinations. Social entrepreneurship is not a replacement for government or a model for letting elected officials off the hook.

Governments and social entrepreneurs need one another. Because nobody elects social entrepreneurs, their legitimacy is subject to question. The government remains the only actor that represents the whole of society. Only governments have the capacity to address problems at national scale and provide equal access to all, regardless of ability to pay. A good example of the interplay between social entrepreneurship and government is the role played by Gifford Pinchot. A leading social entrepreneur in the American conservation movement and the first Chief Forester of the U.S. Forest Service, he fought in the early 1900s to advance a policy of federal ownership and management of public lands, an idea that led to the establishment of national forests and later national parks. Today, we can see the competitive weaknesses and advantages of government in our mail delivery. Federal Express may offer better service than the postal system, but the U.S. Postal Service provides the only way to send a letter across the country for less than 50 cents.
One of the principal effects of social entrepreneurship, as the field grows, will be to sharpen and refine the role of government. Social entrepreneurs will help to ease governments out of daily functions that they are not well-suited to perform—so they can focus on their competitive advantages: determining priorities, ensuring fairness, and fashioning a framework of incentives and oversights that can best unleash society’s full creative potential in service to the public will. As James Madison wrote, the object of government is “the happiness of the people.” But a good government must also understand “the means by which that object can be best attained.”

How is social entrepreneurship influencing business?

The explosion of social entrepreneurship over the past quarter century occurred outside the purview of business. But today, leaders in both sectors are moving beyond the ideological blinders that have prevented them from recognizing opportunities to transform the way both sectors work to serve society. Social entrepreneurs appreciate the managerial and financial competence that distinguishes great companies, and, increasingly, business entrepreneurs are coming to respect the ingenuity and impact of effective social organizations.

In addition, businesspeople are recognizing that social entrepreneurship brings new opportunities to generate profits. Social entrepreneurs are proving to be the best access routes to large markets in both developing and industrialized countries that are currently underserved by traditional businesses. Just as innovation occurs at the intersection of fields—biology and computer science, for example—a great deal of innovation in the coming years will emerge at the intersection of the social and business sectors. Businesspeople stand to gain by
understanding how social entrepreneurs identify opportunities, develop products, satisfy clients, motivate staff, handle distribution, and manage pricing in unfamiliar contexts.

Ignorance of the field of social entrepreneurship will also carry new risks for business. Firms increasingly maintain brand loyalty through their behavior as corporate citizens—including how they treat their employees and suppliers, how they protect the environment, and how their products contribute to society’s well-being. Many talented employees avoid working for companies with lackluster social records, and some investors incorporate social concerns in their value determinations. Shareholder activists and social-rating agencies can now communicate with millions of stakeholders. Meanwhile, the regulatory environment is poised for change, with tougher social and environmental safeguards likely to come. These changes are occurring at the global level. Even in developing countries, companies that have long been indifferent to social concerns will not be able to count indefinitely on the passive acquiescence of millions of poor people.

These changes, along with an increase in the number of socially motivated entrepreneurs, may produce a synthesis between ordinary business and social enterprise, with the distinction between the two becoming less significant with time. The shifting demands of customers, employees, and investors may simply make it less practical, lucrative, and satisfying to operate businesses that focus only on profits. To be sure, many companies will continue to pursue harmful business practices. But innovative companies will recognize the new market signals and will adapt, just as they responded to technological changes over the past twenty-five years. Businesspeople familiar with the landscape of social
entrepreneurship will be better prepared than their competitors to recognize and seize the opportunities.

In decades past, many people who were primarily motivated by social or ethical concerns did not view business as a pathway to realize their ambitions. Those who wanted to “make a difference” might have entered one of the caring professions—teaching, medicine, or the clergy, for example—or gone into journalism, science, or law. Or they may have pursued the bifurcated approach of John D. Rockefeller and Andrew Carnegie, who engaged in exploitative practices to make money and demonstrated public-mindedness when giving it away.

The global emergence of social enterprise challenges the idea that people go into business exclusively to make money. In *Creating a World without Poverty*, Muhammad Yunus contends that by reducing humans to “one dimensional” profit seekers, economic theory has produced a “narrow” interpretation of capitalism which has failed to “capture the essence of a human being.” It has blinded people to other uses of business.

Today, many see social enterprise as a vehicle to satisfy a full spectrum of goals and desires. Social enterprise is taking off so quickly and in so many directions that it would require numerous books to give it adequate treatment. The need for this new approach is obvious. While markets are marvelous tools to coordinate economic activity, they regularly fail to meet many basic needs of the poor. For example, markets have not been able to deliver health insurance, effective education and day care, or even fresh fruits and vegetables to low-income people in the United States. It is social entrepreneurs who are today creating new kinds of marketplaces to make such things available at affordable prices. Similarly, entrepreneurs are developing systems to conscientiously extend credit and other financial services to the millions of “underbanked”
Americans who are routinely exploited by predatory lenders, used car dealerships, and check-cashing outlets. In another crucial area, “cleantech” firms are developing a wide array of products to reduce society’s environmental footprint.

In the developing world, countless firms, both for-profit and nonprofit, are marketing to the four billion underserved people in the so-called “Bottom of the Pyramid,” a term popularized by the business professor C. K. Prahalad in his influential book, The Fortune at the Bottom of the Pyramid. As microfinance has shown, poverty alleviation doesn’t come from market access alone. Among the poor, the most pressing needs are not individual sachets of hair conditioner or skin cream but clean water, nutritious and affordable food, good housing, access to health care, education and information, and tools and transportation services that help them seize economic opportunities.

In recent years, social entrepreneurs have launched enterprises to provide many such necessities, including solar power, biomass fuels, and low-energy cooking stoves. They provide health products like reading glasses, hearing aids, and malaria nets. They offer sliding-scale cataract surgeries to villagers and sell low-cost prostheses to amputees. They run low-profit pharmaceutical firms to develop medicines for developing world illnesses that drug companies ignore. They serve the poor with income-generation tools such as foot-powered water pumps, turnkey bee-cultivation businesses, and soil-testing kits. They provide cell-phone-based banking, remittance, and farm data services. They help language translators, village-based artisans, and growers of coffee, tea, flowers, and cocoa gain access to new markets. They operate slum- or village-based Internet kiosks, distance learning programs, mobile laundromats, and ambulance services.
They help villagers launch microfranchise businesses. They sell microinsurance to protect the poor from illnesses, crop failures, and natural disasters.

Many of these enterprises are in early stages and are still experimenting to develop viable business models. Some, like Aravind Eye Care System in India, which has performed millions of surgeries, achieve profitability through cross-subsidization (sliding-scale pricing in which better-off customers pay more for the same services than poor people, who pay little or nothing). Collectively, they lack coordinated market supports, especially the financial services that traditional businesses count upon. As previously noted, building these supports will be the crucial next phase in the development of this field. The World Resource Institute’s Web site, NextBillion.net, does an excellent job tracking developments in social enterprise. A new magazine, Beyond Profit, launched by Intellecap also chronicles the field.

Social entrepreneurs are also transforming business by forming partnerships with corporations to help them serve large numbers of poor people. Companies that hope to do business with the Bottom of the Pyramid, either as buyers or sellers, have the choice of spending years building new distribution channels and changing their corporate cultures or engaging in joint enterprises with social entrepreneurs who are already serving these markets.

Many companies have already begun this process. Yunus has formed a partnership with Danone Foods of France to create Grameen Danone, a new social business to market an inexpensive, fortified yogurt product to Bangladeshi villagers, particularly children. Grameen’s goal is to address urgent health problems caused by micronutrient deficiencies. Danone gets to present itself as a good corporate citizen, offer
employees an exciting project to work on, and gain exposure to a large new market.

Ashoka has created an initiative under its Full Economic Citizenship program that it calls the “Hybrid Value Chain,” which helps businesses and social entrepreneurs conceive, organize, and finance partnerships to market products and services to underserved communities. For example, Ashoka has formed a partnership with the giant Mexican cement manufacturer Cemex, through which social entrepreneurs in its fellowship manage the sale of affordable building products on credit to slum dwellers. The company gains access to a new market, the social entrepreneurs gain an additional revenue source, and the clients get better housing.

In another example of this trend, Starbucks and Green Mountain Coffee Roasters have formed a partnership with Root Capital, a nonprofit social investment fund, to help source coffee from farming cooperatives in the developing world. In this case, Root Capital has provided capital for coffee-washing machines so farmers can meet the retailers’ quality standards. By providing capital and training, and brokering market connections, the organization helps people in poor, environmentally vulnerable communities around the world achieve sustainable livelihoods.

The essence of these partnerships is complementarity. Businesses possess the capital and productive capacity to develop new products and market them at scale; social entrepreneurs understand the markets, have established distribution channels, and enjoy the customers’ trust.

Businesses are also changing from within, led by intrapreneurs who are instituting processes to integrate social and environmental considerations into basic business management. Some of the most critical social and environmental
changes in the coming years will originate in large corporations. For example, Kelly Lauber, who directs sustainable ventures at Nike, the global footwear and apparel company, spearheads an initiative called GreenXchange, which helps companies share intellectual property for green product design and manufacturing—things like water-based adhesives and “green rubber,” which are far less toxic than traditional formulas. The biggest news on this front was Wal-Mart’s announcement in July 2009 that it would be creating a “sustainability index” to assess the waste, water, and energy usage of every one of its 60,000 suppliers globally, a move that prompted excitement from even skeptical environmentalists.

These changes have been inspired by pathbreaking books like *The Ecology of Commerce* and *Natural Capitalism*, among others, and pioneering business leaders like Ray Anderson, whose global carpet manufacturing company, Interface, exemplifies sustainable business. R. Paul Herman, author of *The HIP Investor*, notes that such changes produce quantifiable social impact and “lead to higher revenues, lower costs, tax benefits, more enthusiastic and productive staff, and greater shareholder value.”

Wal-Mart, like many businesses, began focusing on sustainability because of public pressure to account for things that it largely ignored in the past—pollution, resource depletion, workforce diversity, waste, sprawl, labor conditions in the developing world, and effects on families and communities. Wal-Mart has always focused on efficiency, and the company now anticipates considerable savings through its efforts to conserve energy and resources. Less innovative or dominant companies will likely enlist lobbyists and lawyers in an effort to maintain the status quo. It will take well-placed
intrapreneurs at all levels of corporations to pioneer solutions, overcome resistance, and artfully advance change.

Social entrepreneurs are also changing the nature of corporate social responsibility, something treated in the past as little more than an extension of a company’s public relations. For example, Philip Morris, the tobacco company, has long sought to dampen criticism by supporting museums and orchestras. Corporate grant-making foundations geared to marketing objectives have traditionally been more interested in good press than social impact.

Today, social responsibility is being recognized as a core management function, one that plays a key role in motivating and retaining employees, providing leadership opportunities, and strengthening relationships with customers. Social entrepreneurs, recognizing the value that they bring to companies, are increasingly eschewing corporate social responsibility departments in favor of dealing with top executives directly. They are pursuing front-door rather than side-door partnerships, and they are seeking more than financial assistance or sponsorships. Instead, they look to work with companies where there is a strategic alignment.

Companies that have developed robust, long-term partnerships with social entrepreneurs report benefits in their primary business activities. New Profit Inc. and Ashoka, for example, have helped the consulting firms Monitor and McKinsey respectively to recognize and serve new categories of clients. Through its partnerships with KaBOOM! and HandsOn Network, Home Depot provides opportunities for thousands of employees to engage in reliably enjoyable and meaningful service. And at a time when the book business is faring poorly, First Book has helped publishers recognize new market opportunities by reaching out to millions of
low-income families who historically have been overlooked by booksellers.

Finally, social entrepreneurs are influencing the regulatory and investment environments to hold businesses more accountable to their social and environmental performance and to support social enterprise.

Oversight is crucial to ensure the integrity of social enterprise. Recently, a few cases have sparked debate about the potential for social enterprises to take advantage of poor customers, who often lack choice in the marketplace. The most controversial was the initial public offering by the microfinance lender Banco Compartamos in Mexico, which yielded staggering profits for its investors, including the nonprofit microfinance network ACCION International. At issue was the nearly 100 percent annualized interest rate that Compartamos charges to its low-income borrowers. Investors defended the practice as one necessary to attract capital to serve the millions still unbanked (many of whom borrow from loan sharks, at even higher rates). Critics consider these lending practices to be usury by another name, especially when they are sustained by an absence of competition. As some microfinance lenders and investors seek to emulate Compartamos’ success, others are advancing a movement within microfinance to improve financial education among borrowers, evaluate social as well as financial performance, and toughen consumer protection standards.

While many advocates seek to impose new regulations on businesses, independent groups are developing transparent rating and branding systems to encourage (and pressure) companies to voluntarily comply with social and environmental performance standards. For example, Social Accountability International has developed the global standard SA8000, which certifies that companies maintain decent working environments.
B Lab has established the “B Corporation” certification, which companies receive only if they can demonstrate social benefits for all their stakeholders. HIP Investor has created scoring systems to help investors rank companies based on their combined human impact and profit. These and other new oversight tools, accessible to any investor or consumer, along with government regulatory changes and recognition of legal hybrids, such as the low profit limited liability corporation, will likely accelerate the growth of social enterprise in the coming decade.

**Can philanthropy be more effective?**

Philanthropy is potentially society’s most innovative form of capital, but it is not always deployed effectively. Compared to policy makers and business investors, philanthropists can assume more risk, maintain a longer-term focus, and support less popular ideas. Philanthropists provided the seed funding for many of the most important social changes in the history of the United States. They financed abolitionists, suffragettes, labor organizers, citizens’ rights groups, hospital builders, and universities and schools for the disabled—often long before the work was understood or publicly validated.

Philanthropy could dramatically increase the impact of the citizen sector in the coming decades. Researchers estimate that inheritances for the first half of the twenty-first century will amount to tens of trillions of dollars, a significant portion of which will be allocated for philanthropic purposes. The total annual expenditures of U.S. charitable organizations that currently report to the IRS is roughly $1 trillion.

In addition to the growth in resources, philanthropists are also experimenting with new models of financing that are better structured than past approaches to meet the needs
of social innovators. For example, some provide loan guarantees and “first loss” funds to enable grantees to leverage capital markets; others use grants to catalyze innovation and seed new markets; still others make collaborative, multiyear “patient capital” investments to fuel the growth of proven organizations. These are some of the new approaches that have been described as “venture philanthropy,” “strategic philanthropy,” and “impact investing.”

Historically, philanthropy was viewed through the lens of charity and often practiced in an unsystematic, even capricious, fashion. To be sure, many leading foundations, such as the Rockefeller, Ford, and Robert Wood Johnson foundations, have long maintained a sharp focus on results. But in years past, donors had a poor understanding about the effectiveness of their grants or the relative merits of giving opportunities. The standard approach was to provide modest-size, one-year grants restricted to specific uses, a method of financing which is poorly suited to the needs of institution builders.

Many foundations have also neglected to evaluate their own performance. In recent years, they have come under fire for this oversight. Critics argue that philanthropy, which confers tax benefits, should be accounted for like other public resources. In response to such criticisms and influenced by the rise of social entrepreneurship, many philanthropists have intensified their focus on measurable results. The most daring have even allowed themselves to be evaluated by their grantees, a trend which is to be encouraged.

Over the past decade, numerous donors, such as Venture Philanthropy Partners, New Profit Inc., Atlantic Philanthropies, the Robin Hood Foundation, and the NewSchools Venture Fund, have adopted an approach to giving that is modeled on venture capital financing. It involves multiyear grants that are
usually combined with some kind of direct engagement on the part of the donors. This assistance may include management consulting, business plan development, research, networking, lobbying support, or assistance with marketing. Funding is often aggregated across donors and tied to a growth plan, rather than restricted to one program. One benefit of this approach is that grants will often be automatically renewed if organizations meet the performance targets specified in their plans. Though this may seem merely sensible, it represents a departure from the past, where grants were often renegotiated annually based on considerations that were far from transparent.

Groups like Bridgespan and Nonprofit Finance Fund Capital Partners help organizations develop growth strategies, while certain philanthropists target specific fields and institutional stages, developing expertise in those areas. For example, the Edna McConnell Clark Foundation and SeaChange Capital Partners provide growth funding only to organizations that aim to transform the lives of youths. Recently, the Skoll Foundation launched the Skoll Urgent Threats Fund, to support efforts to combat climate change, the Middle East conflict, nuclear proliferation, pandemics, and water scarcity.

All these factors are driving a shift from what might be termed “palliative” to “curative” philanthropy, in which donors seek less to mitigate suffering than to transform the social conditions that produce suffering. The major elements of this shift include searching for innovative ideas, targeting investment to high-performing social entrepreneurs, providing longer-term capital along with managerial assistance, and rigorously tracking results.

These changes have been widely adopted by the current generation of high-tech entrepreneurs-cum-philanthropists—many of whom made fortunes while still in their 30s and 40s.
and will be active well into the twenty-first century. In contrast to more traditional philanthropists, they have demonstrated a desire not simply to write checks but to get directly involved in the construction of solutions.

Joel L. Fleishman, in his book *The Foundation: A Great American Secret*, predicts that social entrepreneurship and venture philanthropy will come to dominate philanthropy in the twenty-first century because these models for organizing and financing social change “significantly overachieve in impact the dollars spent the old-fashioned way.” However, one significant limitation of venture philanthropy is that, unlike start-up businesses, social organizations don’t generate profits when they are successful. Nor do they typically enjoy economies of scale. There is no exit strategy; as they grow, they just need more money. The venture capital approach is designed to support enterprises in their early stages, not in perpetuity. For ongoing needs or major growth funding, social entrepreneurs must look to governments or large donor pools, or generate their own revenues through social enterprise. The latter is attracting growing interest among philanthropists. A number have created so-called patient capital funds to fulfill the institution-building function that private equity funds serve for business.

The landscape of giving is also broadening in other ways. Organizations such as GlobalGiving and Kiva are harnessing the Internet to aggregate resources from millions of individual “micro” philanthropists. Other examples of resource aggregators include giving circles, women’s foundations, and town associations. The old model of strangers giving to strangers is being replaced by one based on connection and accountability.

Below are some ideas about how philanthropists might redeploy resources to harness social entrepreneurs more effectively:
Help social entrepreneurs engage more successfully with businesses and governments

The world’s largest foundation—the Bill and Melinda Gates Foundation—gave away $3.5 billion in 2009. That might sound like a huge sum, but it is less than the annual budget of the New York City Police Department. The Gates Foundation hopes to make a dent in global poverty and health with its money. Therefore, the foundation needs leverage. One approach is to support social entrepreneurs who have the potential to shift practices in business and government. First, policy makers and social entrepreneurs need to be brought together more regularly so they can find ways to combine their strengths to improve public systems. And social entrepreneurs and business leaders need to form partnerships so they can discover how to transform business practices to meet pressing needs. The process of convening these parties, sharing ideas, and building trust is time-consuming and costly. Philanthropists are uniquely positioned to catalyze such exchanges and to create the neutral space conducive for incubating new ideas and institutions.

Fund structural supports for social entrepreneurship

Philanthropists could use their influence with universities to encourage education and research focused on social entrepreneurship. They could provide tuition support to attract students who are interested in this field. Existing fellowship programs, like those run by Echoing Green, the Draper Richards Foundation, Ashoka, or The Mind Trust, play a key role nurturing talent for the field of social entrepreneurship. But they are highly limited in number. Many fellowship programs are needed to attract more people into the field and, in
particular, to recruit entrants from low-income families, who often assume considerable financial risk when they depart from conventional career paths.

Social entrepreneurship remains underreported. Foundations could address this problem by investing in new media structures that incorporate more coverage of solutions in the news. They could also support the creation of platforms (journals, Web sites, public databases, etc.) to facilitate knowledge sharing about social innovation. The Skoll Foundation’s Web site, Social Edge, provides a space for social entrepreneurs to write about their experiences, exchange advice, and learn about events and opportunities, such as fellowship and funding programs. Ashoka’s Changemaker Web site hosts “collaborative competitions,” in which people around the world propose solutions to global problems. This open-source format pulls in many practical ideas, the best of which are rewarded with prizes and sometimes large foundation grants. Foundations with research staffs should also do more to help small grant makers identify strategic giving opportunities.

Foundations could fund training programs and fellowships to help baby boomers make the transition to changemaking in their “encore careers,” a strategy that Marc Freedman, author of *Encore*, deems necessary for society to realize a vast “experience dividend” from the “biggest generation in American history.” Foundations could also support programs that provide “service grants” to companies, following the model of the Taproot Foundation, so as to integrate pro bono work more closely with business careers and ensure that firms remain socially engaged during recessions. These exposures increase the flow of talent across sectors. Finally, philanthropists could leverage their existing investments by supporting the growth of more advisory services, like FSG Social Impact Advisors,
which help philanthropists and social investors make smarter funding decisions.

**Stick with things that work and communicate clearly**

In business, investors change strategies when they believe they can get better returns. Philanthropists, policy makers, and political appointees frequently change directions when they seek variety or simply hope to distinguish themselves from their predecessors. One example is UNICEF’s shift away from child survival. Between 1982 and 1995, UNICEF helped orchestrate astonishing gains in children’s health by drawing global attention to a few basic life-saving interventions. Millions of deaths were prevented, largely through vaccinations and oral rehydration therapy. When UNICEF’s leadership changed in 1995, the push for child survival fell off—not because results were poor or the need was gone—but because the new leader had a preference for rights-based interventions.

Similarly, funders often change tacks for reasons concealed from their grantees, terminating relationships with explanations like, “We’ve been working together for several years and we feel it’s time to move on.” This is closer to the language of courtship than social investing. When funders communicate this way, they send the message that performance is secondary. Funders should make efforts to explain their decisions along the following lines: “We believe we can have more impact elsewhere—and here’s why.”

**Let more organizations die**

Every day, new social organizations open their doors, but few close down or merge. Because the social arena lacks the institutional turnover that one finds in the business sector, resources tend to be spread ever more thinly over time, rather
than reallocated from low- to high-performing groups. Industries need a continual replenishment of ideas, people, and organizations or they stagnate. The solution is not to discourage people from starting ventures, but merely to ensure that failure and mediocrity lead to reductions or withdrawal of funding.

Help social entrepreneurs work together

Bill Drayton contends that the next major stage for social entrepreneurship is to improve collaboration. Early in the twentieth century, groups of lawyers and management consultants discovered that they could gain efficiencies and multiply their influence by joining together in firms. Philanthropy could encourage social entrepreneurs to join together in firms, as well, where they could share expertise and contacts, test ideas, launch ventures, and provide consulting services to larger clients, including businesses and governments. Such firms could furnish a home base to reduce the risk and loneliness that can discourage early-stage entrepreneurs. Successful initiatives along these lines include the Centre for Social Innovation and the MaRS Discovery District, both in Toronto. Another creative collaboration is Social Innovation Generation, a partnership between the J.W. McConnell Family Foundation, the MaRS Discovery District, the PLAN Institute, and the University of Waterloo, which works to foster economic, cultural and policy changes in Canada that are conducive to continuous social innovation and “whole system” reforms.

How will the field of social entrepreneurship influence journalism?

Journalism is undergoing a profound transformation as traditional media sources, particularly newspapers and network news shows, experience drops in readers and viewers. During
2009, more than one hundred American newspapers closed or stopped publishing a print edition. Even the survival of a printed version of the mighty New York Times remains in question. As consumers continue to migrate to online and cable media, it is unclear what tomorrow’s news sources will look like and how they will be financed.

One change that social entrepreneurship may advance is the legitimizing of a category of news focused on solutions. Mainstream news today is dominated by information about problems and stories of conflict. Most of the activity in the field of social entrepreneurship remains hidden from public view. Consider the Grameen Bank, arguably the world’s most celebrated anti-poverty organization. In three decades, the New York Times has referred to the bank in 84 stories, a third of them since Grameen won the Nobel Peace Prize in 2006. By contrast, it referred to the Tamil Tigers in eight hundred stories and the Irish Republican Army in 3,600. The phrases “drug gangs” and “drive by shooting” each bring up close to six hundred stories. Since 1981, the Times has mentioned Ashoka in sixteen articles, BRAC in seven, the Self-employed Women’s Association in eight, and ShoreBank in twenty-eight. These organizations, all considered among the world’s preeminent examples of social entrepreneurship, have each been operating for thirty years. Each boasts a wealth of experience in attacking poverty and other problems—experience that, if better understood, could improve public policy and help thousands of social organizations achieve superior results. But news editors who are comfortable covering a large company like IBM or a sports team like the Yankees on a regular basis believe that they should not report on an important social organization more than once or twice in a year.
Solution stories, when they appear, tend to be treated as secondary or “soft” news compared to reports of corruption in business or government, for example. There is nothing in the nature of journalism that requires news to be overwhelmingly negative. News can be thought of as destabilizing information—information that shows how tomorrow will be different—and social entrepreneurship certainly upsets the status quo. The main role of a free press is to provide citizens with the information they need to lead good lives and to help society improve. Citizens need to be apprised of opportunities as well as problems.

Because of cultural biases and structural constraints within news organizations, however, journalists systematically underreport solutions. Journalists fear being labeled advocates. It’s professionally safer to critique yesterday’s events than to show appreciation for an idea that may hold promise for tomorrow. Newsroom budget cuts have also made it difficult for journalists to cover solutions, which often require more in-depth reporting than typical news stories. And it goes without saying that negative news, especially scandals and murders, sell newspapers. As a result, we know a great deal about what is broken in society but little about what is being done to fix things. The challenge today is to cover the field of social entrepreneurship faithfully. The media has a vital role to play making society’s social problem-solving activity visible, illustrating, as we do in business every day, what leading entrepreneurs are doing and how industries are evolving.

This situation is poised for change. In polls, news consumers consistently indicate their dissatisfaction with the state of journalism. Journalists are also unhappy. Too often market imperatives in media companies override a concern for the public interest. Many reporters who entered the field
with high hopes of improving society now struggle to remain true to their own ethical standards. Frustrated journalists will either force changes from within or build new media organizations.

Much has been made of the destabilizing effects of online media. Less has been said about how news companies are failing to adapt to the changing tastes of a generation of consumers who wish to be informed about problems and solutions. Forward-thinking universities and colleges have responded to student demand for change. Smart companies retain young employees by offering meaningful work and service opportunities. News companies need to recognize that journalists and consumers alike are eager for changes in the structure and content of the news that will help them reconnect to meaningful pursuits.

Social entrepreneurship offers a landscape of compelling stories. These are not just feel-good stories to lighten things up or provide a little seasonal fare at holiday time but vital information about how citizens are wielding power to reshape society. They are stories about new ideas, new career paths, and new institutions.

We have already seen the beginnings of change, as mainstream news sources have begun devoting marginally more attention to social entrepreneurs, albeit in the old-style good-news format often pegged to Thanksgiving or Christmas. Some examples are CNN Heroes, the Frontline/World Social Entrepreneurs series, intermittent profiles on ABC and NBC News, 20/20, and 60 Minutes, and features on social entrepreneurship in Fast Company, Business Week, and The Economist, as well as the reporting of journalists such as Matthew Bishop, Cheryl Dahle, Atul Gawande, Tracy Kidder, Nicholas D. Kristof, Jay Mathews, Tina Rosenberg, and Paul Tough,
who have chronicled the work of social innovators in a variety of fields. Several targeted magazines also cover social innovation, including Good magazine, Ode, Yes!, and Beyond Profit, as well as online sites, including Social Innovation Conversations, GRITtv, Huffington Post Impact, and change.org, where Nathaniel Whittemore writes an excellent blog on social entrepreneurship.

Journalism will play a critical role in helping society to become more innovative. Social entrepreneurs depend on a responsive media to spread new ideas and challenge existing attitudes and behaviors. As more people get involved in the construction of solutions, they will require information that helps them to be effective. The news industry will, therefore, require comparatively more journalists who are both good storytellers and familiar with the mechanics of social problem solving. We will need journalists who can tell whether a social organization is outperforming or underperforming the “market.” Discernment will be critical. Today’s journalists know which companies in a given industry are most competitive and which politicians are accumulating power, but few can say which social organizations are transforming people’s lives and which ones are just wasting money. Journalists will have to expand their core role from exposing problems to exposing both problems and opportunities.

A number of social entrepreneurs have begun to transform journalism by creating new platforms to produce and assemble news and foster greater public accountability. Many are working in developing countries where the media has historically been weak. Examples include La Silla Vacía (the Empty Seat), a news Web site that reveals the workings of political power in Colombia, and Groundviews, which provides a safe space for citizen journalism under conditions of severe
censorship in Sri Lanka. Some aggregate voices from disparate sources. Global Voices Online integrates news coverage from around the world in a multilingual, searchable format, and New American Media helps thousands of small ethnic news organizations in the United States—the fastest growing sector of American journalism—reach wider audiences.

Other social entrepreneurs are building new systems to evaluate journalism and provide government oversight. Two examples are NewsTrust, a community-based service that rates articles based on credibility and quality, not just popularity, and Parliament Watch, a site in Germany that connects citizens directly with parliamentarians, fostering surprising levels of transparency. Several of these initiatives have received support from Ashoka’s News and Knowledge program, which was initially funded by the John S. and James L. Knight Foundation and is designed to advance social entrepreneurship in the field of journalism.

As more journalists provide in-depth coverage of social entrepreneurship, it may improve news coverage in other areas. One lesson social entrepreneurs can teach journalists is that failure is necessary for innovation. Making mistakes and learning from them is the only guaranteed way to produce better ideas. Science and business journalists understand this, but those who cover public entities make little allowance for failure. Nor do they distinguish between excusable failures (i.e., mistakes that are part of the normal problem-solving process) and failures that are due to negligence or incompetence. If social or business entrepreneurs were covered like public officials, they would be far less bold and action-oriented. By covering social entrepreneurship more thoroughly, journalists may come to recognize the importance of providing tough oversight that does not unduly inhibit public sector experimentation.
How can individuals prepare themselves to participate in the field of social entrepreneurship?

In his book *Blessed Unrest*, Paul Hawken traces the outlines of a growing global movement that is comprised of millions of mostly new organizations devoted to ecological sustainability and social justice. Trying to appreciate the “breadth of the movement,” he explains, “is like trying to hold the ocean in your hand.” Because the movement is diverse and decentralized, and activism is not its primary form of action, it has attracted less attention than movements of the past. Nevertheless, Hawken argues that it carries the possibility for genuine transformation. In a 2009 commencement address to students, he said: “[T]he earth needs a new operating system. You are the programmers, and we need it within a few decades.”

Oliver Wendell Holmes wrote that a person “should share the passion and action of his time at peril of being judged not to have lived.” A few months after entering office, President Obama made the following appeal to the nation: “We need your service right now, at this moment in history. I’m asking you to stand up and play your part. I’m asking you to help change history’s course, put your shoulder up against the wheel.” As ordinary people step up in greater numbers to advance change against tough odds—in campuses and companies, suburbs and slums, farms and factories, deserts and jungles, schoolrooms and skyscrapers—we need to investigate how each of us can best prepare to participate in the “passion and action” of our time.

Peter Drucker, in his book *Management Challenges for the 21st Century*, argued that in the coming years, individuals will not be able to rely on institutions to guide their careers and lives. The traditional boundaries between professions, industries, and sectors will become blurred. We will have to navigate in a shifting landscape. For compass points, each person should
seek to understand how his or her values and strengths intersect with the changing needs of society. This is where we can make our greatest contribution.

Understanding how to engage successfully with the field of social entrepreneurship begins with self-knowledge. Students frequently inquire about how to decide where to apply their energies. They want to know whether to become a social entrepreneur or join an organization, or whether to focus on, say, environmental issues or poverty. Finding the answers to such questions hinges on personal considerations that each person needs to explore for him or herself: What do you care deeply about? What environments bring out your natural gifts? Are you comfortable with uncertainty? Do you have a strong need for autonomy?

Whatever your temperament, given the many roles opening up in the field, there is no need to force yourself into a shape that feels wrong. Most people who want to make a difference are not organization founders. Fewer than one in ten American workers are self-employed. Most people prefer to work in established structures, though that doesn’t mean they have to accept those structures as they are. Many advance change within businesses and public institutions.

For everyone who starts an enterprise, hundreds are needed to manage organizations, advocate for them, handle the technology, the finances, the communications, the training, and so forth. It’s like the movie business. Producers and directors are not enough to make films. Actors, editors, technicians, ticket vendors, reviewers, and audience members are all essential to the enterprise. In the coming years, researchers, investors, policy makers, managers and storytellers, among many others, will participate in the remaking of the field of social entrepreneurship.
The importance of self-knowledge goes beyond understanding your strengths or leadership style, as important as these may be. A person who cares enough to commit wholeheartedly to an idea is usually acting on an interest whose seeds were planted years before, perhaps as far back as childhood. The first step for anyone embarking on a career in the field of social entrepreneurship is to determine what you have *always* cared about. In the archaeology of your life—past actions, relationships, studies, and work—unearth the artifacts of your abiding interests or your calling. The more honest your intention, the more genuine your attachment to the work, the more effective you will be—and the more fulfilled. This is critical because many social entrepreneurs struggle for years in obscurity before they achieve success and recognition.

In *The Courage to Teach*, Parker Palmer shows how one’s inner life manifests itself inexorably in the outer world. Because changemakers seek to impose their will on society, they need to understand their motivations, if only to avoid doing unintended harm. Many social entrepreneurs recognize this responsibility and seek counsel from pastors, therapists, life coaches, mentors, and consultants. Some take personality tests to learn how to interact more successfully with others. Even as they lead institutions, many struggle with their own self-doubts and anxieties, powerful emotions that, if left unexamined, can damage relationships and undermine impact. As Palmer notes, if we want our social structures and businesses to reflect enlightened human values, we need leaders who are willing to engage in self-examination.

For those who choose to initiate social change organizations, the first practical challenges will be figuring out how to support yourselves while launching your organization. Some people keep a paid job and develop their ideas in their spare time. A
small number receive stipends from organizations like Echoing Green, the Draper Richards Foundation, and other funders that provide early stage support. Some move in with friends or family to cut their personal expenses temporarily. Some ask their spouses or partners to be the primary or sole breadwinner for a period. Professionals, such as doctors or lawyers, may continue in their practices on a part-time basis to supplement the income they receive from their organizations. Many turn to family and friends for initial donations or investments.

Building an organization is a process of cultivating relationships. It is about calling people up and saying, “May I come talk with you?” Social entrepreneurs regularly draw in classmates, teachers, and former colleagues. As a rule, they don’t recruit based on friendship alone. They look to work with people with similar values, especially those who can compensate for their own weaknesses.

Do a “market” survey. If you are concerned with addressing environmental problems, for example, it’s a good idea to narrow your focus to one area—political action around global warming, for example, or something as specific as methods for reducing agricultural water waste. Then list the five most important innovations occurring in that field. You may have to look at fifty examples to come up with five ideas. It may take months of conversations and reading, but by the end of the process you should be familiar with the range of problems, approaches, and actors in that field. You will then be in a position to spot patterns and identify gaps. As you develop your idea, write down your plans. Even a two-page concept paper can lend an idea a tangible quality that generates its own momentum. The plan becomes a basis for discussion. Massive changes begin with asking someone what they think of your plan.
People get involved with ideas because they are excited by the opportunity to build something they care about. Always find out how your idea fits into another person’s visions for his or her life. If someone asks, “How can I help you?” be ready with a few ideas—not just a request for money—but advice, references, introductions, moral support.

Open-mindedness is a prerequisite for innovation, but only to a point. Creating anything new involves an extraordinary amount of listening. On the other hand, to take the initiative we must believe that we know enough to get started. It requires a balancing act to remain open to what the world has to teach you, without losing sight of what you have to teach the world. How do you distinguish between advice to heed and advice you can safely ignore? Think of this question as an opportunity to clarify your motivation. When you peel back the layers of an idea, what remains at the core must be bedrock: an insight or belief that grips you with its power—something you know to be 100 percent true. The degree to which you operate from an unshakable core is the degree to which you can navigate the winding road, sort out the signal from the noise, and withstand criticism, opposition and failure.

To become a successful changemaker, you don’t have to study social entrepreneurship. You do need to understand the workings of the systems you hope to change and the history of the problem with which you are concerned. Knowing how people have attempted to solve this problem in the past—what worked, what failed, and why—is essential because most new ideas are adaptations of earlier ideas that became bogged down by the details. Understanding those details may be the difference between achieving impact or failure. In addition to empathy, patience, and courage, you need hard skills: knowledge integral to building organizations—like finance,
distribution, or marketing. “Today’s world needs more than humanitarian,” explains Jacqueline Novogratz in *The Blue Sweater*. “We need individuals who know how to listen and who have real and tangible skills to share. We will succeed only if we fuse a very hard headed analysis with an equally soft heart.”

One group of changemakers who will play increasingly important roles will be those with cross-sectoral and cross-cultural experiences and relationships. Bridges between government, business, and the citizen sector, and across industries and borders, are necessary for the creation of whole solutions. Intermediaries will lead this process.

Above all, changemakers should learn how to navigate through resistance. Change always brings resistance. It is rarely rational. In *Leading Change*, James O’Toole explains that people resist change primarily because they bristle at the idea of having the will of others imposed upon them. They then concoct moral justifications to defend their positions. As psychologist Jonathan Haidt has noted, the mind looks for ways to make sense of what the gut has already decided.

For this reason, moral arguments alone rarely change minds. Being effective often means letting others believe they are right. People will endure the discomfort of self-questioning only if they feel appreciated and secure. Successful changemakers lower defenses in opponents by listening, acknowledging their ideas, and showing deference. Senator Edward Kennedy became one of the most effective legislators in U.S. history by developing collegial relationships with Republican lawmakers who virulently disagreed with him about the role of government. In similar fashion, social entrepreneurs like Geoffrey Canada of the Harlem Children’s Zone, Vanessa Kirsch of New Profit Inc., and Wendy Kopp of Teach For
America have enlisted support from leaders across the U.S. political spectrum.

Of course, social change often needs to be imposed. The nation had to enact civil rights legislation in the 1950s and 1960s. But over the long run, the deepest changes in behavior and attitude are rooted not in laws but in feelings. Any change strategy that, in practice, causes undue humiliation or resentment will inevitably undercut itself. Look at the backlash against “political correctness,” an example of a good idea—respect for otherness—too often advanced tactlessly. By contrast, a deceptively small step—draining the anger from an argument—turning a confrontation into an exchange—can create an opening for a shift in perspective.

As the citizen sector continues to mature, pathways currently unseen will emerge. Just as those who were free to relocate to Silicon Valley in the early 1990s could take maximum advantage of the Internet boom, those who remain mobile today—untethered to expensive life-styles—will be able to seize opportunities in social entrepreneurship as they arise. If the idea of active citizenship resonates with you, the place to begin is wherever you happen to be at the moment. We don’t have to postpone action until we graduate or retire. We learn how to cause change by practicing changemaking now. We can bring change in our workplaces, schools, neighborhoods, or families, and in our selves. One simple way to strengthen commitment is to investigate a problem that deepens your understanding and draws you into caring and respectful relationships with people whom you can help.

If there is one overarching aspect of social entrepreneurship that remains misunderstood, it is the notion that you must be selfless to do this work. Journalists often refer to social entrepreneurs as do-gooders, conjuring up images of self-sacrifice.
The irony is that most social entrepreneurs we know find their work fulfilling and enjoyable. In contrast, polls reveal that the majority of doctors, lawyers, and journalists, for example, are dissatisfied with their work. People who switch to the field of social entrepreneurship after spending years doing more “sensible” work often say that they did so in order to feel more alive. Ask Jordan Kassalow, the founder of VisionSpring, which makes eyeglasses available to poor people in the developing world. He feels a thrill every time he sees a client’s face light up with the experience of clear sight. His motivation for building VisionSpring into an international organization is crystal clear: “I get to experience that thrill over and over.”