



BE FEARLESS

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# LEVI STRAUSS FOUNDATION

A BE FEARLESS CASE STUDY

## PRINCIPLES IN ACTION

### MAKE FAILURE MATTER:

Failure teaches. Learn from it.

### EXPERIMENT EARLY AND OFTEN:

Don't be afraid to go first.

### MAKE BIG BETS AND MAKE HISTORY:

Set audacious, not incremental, goals.

Levi Strauss Foundation embraces the 160-year pioneering legacy of Levi Strauss & Co. with an innovative approach to investing in San Francisco's new social change leaders.

## SYNOPSIS/SUMMARY

When five well-established, San Francisco-based social justice organizations experienced transitions in leadership, Levi Strauss Foundation saw an opportunity to shift its role from traditional grant-maker to catalytic change-maker by investing in next-generation leaders. Following intensive community conversations, the Foundation launched an experimental initiative called **Pioneers in Justice**—deliberately shifting away from shorter-term

“transactional” grantmaking to longer-term commitments focused on strengthening leaders, their organizations and movements. In this case study, you will learn how Levi Strauss Foundation drew upon its can-do history and culture of experimentation to take a longer-term view of social change centered around building the capacity of social justice leaders.



## THE BACKGROUND

Founded in 1853, Levi Strauss & Co. was born out of the California Gold Rush—the iconic journey made by scores of dreamers from around the world looking to make their fortunes. Levi Strauss supplied dry goods to those early pioneers and in 1872 he developed an innovation with one of his customers, Jacob Davis, which would change the course of history. Responding to the needs of miners demanding pants that were durable and long-lasting, they brought to market “riveted-for-strength” work wear made of true blue denim. The U.S. Patent and Trademark Office granted the patent for their innovation on May 20, 1873—the day the blue jean was born.

*“Experiment early and often requires a mindset that acknowledges that failure and experimentation are part-and-parcel of social change and progress.”*

DANIEL LEE, EXECUTIVE DIRECTOR,  
LEVI STRAUSS FOUNDATION

By late 1800s Strauss had become a successful businessman and one of San Francisco’s greatest philanthropists. Strauss was an early contributor to the Pacific Hebrew Orphan Asylum (now Edgewood Home for Boys & Girls, an organization still supported by the company today), the Eureka Benevolent Society and the

Hebrew Board of Relief. In 1897, Strauss provided funds for 28 scholarships—more than half to women—at the University of California, Berkeley. All are still in place today. Those early contributions, along with Strauss’ ethos of entrepreneurship, courage and commitment to community, sowed the seeds of a corporate culture and approach to philanthropy that guides the company’s giving today.

In 1952, the company leaders—the Haas Family (descendants of Strauss)—established the Levi Strauss Foundation to guide the company’s philanthropic efforts.

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**The Haas family made a bold and strategic choice that few companies were making at the time—they set aside an average of 2.5 percent of the company’s annual profits for philanthropic purposes.**

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This decision institutionalized the company’s commitment to social change in a way that honored both Strauss’ entrepreneurial spirit and the intimate connection between the company and the San Francisco community it calls home.

The Levi Strauss Foundation was the first corporate foundation to make grants in the fight against HIV/AIDS in the early 1980’s. In the early 1990’s, the Foundation formed the first national corporate/community partnership dedicated to reducing racism

in the workplace, educational institutions and the community; these efforts were centered in factory communities in the American South. True to its history and its iconic founder, the Levi Strauss Foundation has been a pioneering funder in the area of social justice, experimenting with its grantmaking approaches and causes as a first-mover.

Today, the Levi Strauss Foundation continues to embody the Be Fearless principle of Experiment Early and Often while remaining at the front lines of the social justice movement in San Francisco. The corporate legacy of risk-taking is built into the work of the Foundation:

**“Every day, we support progressive leaders and organizations that take risks and innovate as they address the most pressing social issues of our time: from HIV/AIDS and human rights, to promoting long-term assets among low-income people and improving the lives of apparel workers in our supply chain.”**

## THE “AHA MOMENT”

In 2009, San Francisco witnessed a sea change in the leadership of many of its most established and long-standing social justice organizations. The social justice landscape in San Francisco at the time was challenged by the economic recession, as well as by the need to

remain relevant in the face of new and disruptive social media technology. This changing landscape called for new, more modern approaches to social justice work. A new wave of young Executive Directors recognized the need to fully embrace the digital age and bring a new, contemporary way of thinking about social justice work to the table. They included Chinese for Affirmative Action (hired a 33-year old leader); Lawyers’ Committee for Civil Rights (hired a 32-year old leader); Asian Americans Advancing Justice - Asian Law Caucus (hired a 35-year old leader); Equal Rights Advocates (hired a 38-year old leader); and the American Civil Liberties Union of Northern California (hired a 35-year old leader). Despite each organization’s deep history in the community, the new leaders all felt a sense of urgency to adapt their organization’s approaches in order to remain relevant in a 21st Century, social media dominated world.

At the same time, Levi Strauss & Co. recognized the need to drive more systemic, as opposed to incremental, change within its hometown efforts in San Francisco.

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**The Foundation’s international grantmaking was outpacing its domestic grantmaking — a mirror of the company’s increasingly globalized business presence — and the Foundation’s leadership sensed an opportunity to focus on challenges emerging on the home front.**

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They latched onto the generational transitions underway, in the local social justice landscape. A new generation of constituents demanded new ways to connect. Through a committee of Board members, the Foundation held intentional conversations with these new leaders in order to better understand how they could work together to more effectively steward San Francisco’s social justice legacy.

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### **The Foundation’s leader, Daniel Lee, as well as key leaders within Levi Strauss & Co., were faced with three critical questions:**

- *What* should Levi Strauss & Co. do to reconnect with its millennial customer base and what role, if any, should the Foundation play in supporting that connection?
- *How* should the Foundation respond to and support the next-generation leadership among the five social justice organizations?
- *What* can the Foundation do to maximize its impact on the evolving social justice movement in San Francisco?

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## **THE BE FEARLESS RESPONSE**

### **THE PIONEERS IN JUSTICE INITIATIVE BEGINS**

True to its pioneering spirit, the Levi Strauss Foundation chose a path of experimentation and launched the Pioneers in Justice initiative, which was shaped in large part by input generated through Board committee led

conversations with the new emerging social justice leaders. The elements of the program reflected what the Pioneers expressed they needed: time and space to collaborate with other leaders, a stronger understanding of social media tools and ideas for engaging younger generations in social justice work.

Unlike any of the Foundation’s previous grantmaking efforts, the Pioneers in Justice initiative was launched with a big bet: the Foundation would shift the bulk of its hometown grantmaking portfolio to focus on a five-year commitment to support the new wave of leaders serving San Francisco’s civil rights organizations (the “Pioneers”). Forged in the spirit of co-design or co-creation, the Foundation partnered with these organizations to test new technologies and approaches designed specifically to engage new and diverse stakeholders—particularly millennials. The initiative was designed to support these new leaders in their efforts to experiment and make dramatic change in the community by harnessing social media and reshaping their networks. For the Pioneers in Justice initiative to be successful, however, Lee knew that the Foundation would need to fundamentally change how it approached its work.

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### **One of the biggest shifts was to focus on the impact of grants as opposed to the *administration* of grants.**

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## THE FOUNDATION SHIFTS FROM GRANT-MAKER TO CHANGE-MAKER

The Foundation recognized a need to form partnerships with the Pioneers that centered on close collaboration to support them as they worked to make change. As Lee describes, “We changed [our orientation] from grant-making to change-making.”

He embraced Levi Strauss & Co.’s risk-taking culture to re-focus the Foundation around strengthening leaders and testing new ideas as opposed to achieving specific, predefined measurable outcomes. The Foundation accomplished this shift by concentrating on a few key actions.

- First, it set aside dedicated funds for an experimental, “innovation” portfolio. Specifically, 15 to 20 percent of the Foundation’s total funding is dedicated to this innovation portfolio, enabling the Foundation to invest in dynamic leaders with great ideas—even if those ideas have not yet achieved significant outcomes or results. The Pioneers in Justice program represented 15 percent of the Foundation’s total grants last year. All of the funds allocated to the Pioneers in Justice program fall within the innovation portfolio.
- Additionally, each of the program managers are encouraged to allocate 15 to 20 percent of their grant budgets in the Foundation’s three core funding areas to an innovation portfolio within their category.

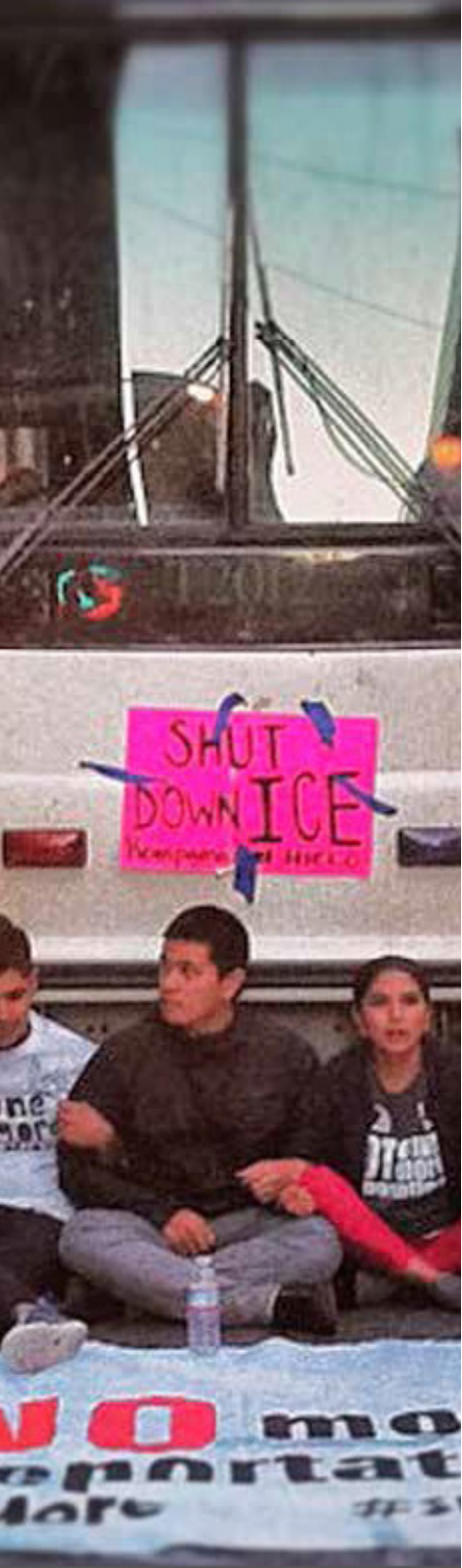
Dedicating allocations for higher-risk projects provided Foundation staff with the freedom to work closely with Pioneers as well as other community leaders to

experiment, pilot test new programs and approaches and explore winning strategies to social justice.

In addition to setting aside funds for an innovation portfolio, the Foundation also expanded its funding commitments from one year to five years for Pioneers in Justice partners. While the grants were renewable each year and required some annual reporting, the program committed to funding these leaders and organizations for five years. This commitment was substantially longer than the funding terms it had offered to grantees in the past. By extending larger and lengthier grants, the Foundation positioned itself as a true partner committed to the longer-term vision of the Pioneers. It also recognized that achieving lasting social change often involves a marathon, not a sprint. The longer-term funding commitment provided grantees with a level of stability that enabled them to take calculated risks and test new approaches. Pioneers were also encouraged to experiment with and learn from one another. The Foundation hosts bi-monthly Pioneers Forums to create a space for Pioneers to explore new tactics, discuss what is and is not working, foster collaboration and share learnings.

In addition to changing the mechanics of its grantmaking, the Foundation invested in the internal capacity needed to support Pioneers to reach key audiences. Supporting the Pioneers in reaching the millennial generation meant a much higher reliance on emerging technology and new media. Recognizing that it didn’t have these skills in-house, the Foundation partnered with ZeroDivide (a nonprofit consulting organization) to teach both its staff and the Pioneers about social media technology.





## THE BOARD TAKES A “LEAP OF FAITH”

As the Foundation formulated its early ideas around the Pioneers In Justice initiative, those ideas were centered around strengthening leaders. Through the Board committee-led conversations with the “Pioneers to be” prior to the launch of the initiative, the Board sought to better understand the struggles each was facing in their attempt at creating lasting change. Initially, the Board was concerned that the program was conceptualized to be flexible to the needs of the individual leaders, as opposed to honing in on a particular issue area within social justice work. However, the Board recognized the importance of strong leadership in making transformational change within a sector. They also knew there was a lack of support for leadership in this vein. Through these meetings, Board members reflected on the fact that change in the social justice sector takes time.

AS LEE NOTES,

**“Curiosity and patience are critical values [within our organization]. So much of social change is about [making] a leap of faith.”**

The Board became convinced that the proposed approach fit the character and legacy of the Foundation (reflected in the mantra: “going where others fear to tread”) and gave the go-ahead for Pioneers in Justice.

After exposure to the Pioneers months after initiating the program, all of them were pleased that the Foundation took the plunge to support this new wave of leaders.

In conjunction with the launch of the Pioneers in Justice initiative, the Foundation’s Board took a big step to reduce the overall number of Foundation grantees while increasing its financial commitment to the organizations it supports. The Board demonstrated its faith in its own leadership by granting the Executive Director a higher discretionary approval level for all grants, significantly increasing the flexibility that Foundation staff had to partner with grantees, investing in experimental ideas and providing support over a longer horizon. Foundation staff are empowered and encouraged to take calculated risks on people and strategies. One such recipient was Arcelia Hurtado, a Pioneer and the former Executive Director of Equal Rights Advocates, which received investment from the Foundation to explore a policy solution that would make it easier for formerly incarcerated women to secure employment. Hurtado notes the value of this early investment in an idea with no proven outcomes:

**“With social change, you don’t know what is going to make a difference or make change. We need to try new things. [Levi Strauss Foundation] was willing to invest in something that may or may not come to fruition.”**

In addition to agreeing to set aside funds for an innovation portfolio, the Board also carves time out at Board meetings to have conversations around what is going well and what is not. With trust and open dialogue encouraged, the Foundation creates the space needed to reflect on and learn from its experiments.

### PIONEERS HELP TO DESIGN AND EXPERIMENT WITH A 2.0 MODEL FOR SOCIAL JUSTICE

Coupled with the focus on strengthening social justice leaders, the Levi Strauss Foundation sought to support the Pioneers through a bold new operating model for social justice work. The Social Justice 2.0 model, illustrated on the following page, emphasizes shared leadership, open dialogue, collaboration as a rule and finding inspiration and partnerships externally.

The 2.0 model was developed and validated through conversations with individuals in the social justice sector—including the leaders that would eventually be selected as Pioneers. Early conversations with the Pioneers-to-be highlighted the importance of having a new approach to social justice.

When initially presented with a sketch of a proposed “Social Justice 2.0” model, the Board had a range of reactions, from skepticism to having questions about the approach. Some were taken aback that it didn’t identify a single *issue* to move the dial on, such as immigration or gender equality—as this was *di rigueur* in the foundation world. In the end, it required casting the tectonic shifts facing the social justice sector: generational shifts and the advent of networked practices and technology as “issues of the day” and change management among nonprofit leaders as a “skill of the day.” Board members

were impressed by the enthusiasm of the subcommittee that designed the strategy and their conviction that the Foundation should adopt it. The principles of this 2.0 model can be found at the heart of the Pioneers in Justice initiative.

→SOCIAL JUSTICE 1.0	→SOCIAL JUSTICE 2.0
LEADERSHIP CENTERED ON A SINGLE CHARISMATIC LEADER (OFTEN THE ORGANIZATION'S FOUNDER)	SHARED LEADERSHIP WITH DEEP ROOTS
FOCUS ON OUTREACH AND EDUCATION	FOCUS ON BUILDING GRASSROOTS POWER
RELIANCE ON ONE-WAY COMMUNICATION	RELIANCE ON DIALOGUE
COLLABORATION AS THE EXCEPTION	COLLABORATION AS THE RULE
THE "GRASSROOTS" (COMMUNITY MOBILIZATION) DISCONNECTED FROM THE "TREETOPS" (TRADITIONAL POLICY ADVOCACY)	THE "GRASSROOTS" CONNECTED TO THE "TREETOPS"
LOOKING INWARD FOR INSPIRATION AND PARTNERSHIPS	LOOKING OUTWARD FOR INSPIRATION AND PARTNERSHIPS

Source: “Pioneers in Justice: Building Networks and Movements for Social Change” © 2014 by Heather McLeod Grant

At its core, the initiative provides a platform through which the Pioneers have the space and support to, “test, fail, iterate and evolve into a 2.0 state as they engage with the new tools of the day and forms of collaboration.” Responding to the needs of its new Pioneers, the Foundation intentionally designed the Pioneers in Justice initiative to help leaders integrate emerging tools like social media into their work; collaborate in new, more intentional ways’ and create new approaches to engage both key influencers and grassroots voices.





AS LEE NOTES,

“The survival of the field—its ability to connect meaningfully with new audiences and the issues and events of our day—hinges upon its ability to adapt and evolve.”

## THE RESULTS

As the Foundation shifted its approach toward greater focus on strengthening leadership, the Pioneers began to feel greater strength and stability in their new leadership roles. All five Pioneers in the cohort had varying degrees of experience in an Executive Director role, but each faced a steep learning curve. They had the daunting responsibility of steering iconic well-established organizations in a new direction, and needed not only financial support but also management and capacity building support to thrive in their new roles. The Pioneers in Justice initiative created a unique opportunity to receive both. For Hurtado, then Executive Director of Equal Rights Advocates, the initiative provided an opportunity to seek counsel from fellow Pioneers and from the Foundation. She notes that the Foundation’s cohort-based approach allowed for strong relationships to be formed between the Pioneers and with the Foundation—and both grew organically. This stemmed from the Foundation openly encouraging transparent dialogue among the Pioneers and with the Foundation itself.

**This practice gave permission for the Pioneers to be vulnerable and initiate honest discussion around where they were struggling and needed support.**

The Levi Strauss Foundation’s democratic approach coupled with its five-year funding commitment also empowered grantees to bring forward experimental ideas with yet unproven outcomes. Abdi Soltani, the Executive Director of the American Civil Liberties Union of Northern California (ACLU-NC), notes, “The five-year commitment gave us more stability and an opportunity to take risks” and the longer-term commitment made it possible for the Foundation to reach across traditional funder/grantee boundaries to co-design strategy for social change, enabling the ACLU-NC to communicate more honestly about what they are learning in real-time. They have been able to leverage funding committed by the Levi Strauss Foundation to attract additional funding for new programs without a proven track record, such as its burgeoning efforts to engage Spanish-speaking communities using social media.



**“They [Levi Strauss Foundation] asked us what we would undertake if we had more resources. [That question] forced us to identify those opportunities on the riskier side and made it possible to do them without having calculated objectives.”**

strengthening social justice sector leadership, providing a platform for greater collaboration among social justice leaders and committing to five-years of funding support as well as an innovation portfolio to support higher-risk grantees. In doing so, the Foundation created the conditions for greater mutual trust with grantees, stimulated stronger sector collaboration and facilitated new approaches to social justice change among grantees that were empowered to test out experimental activities.

For the Levi Strauss Foundation, a next step it is considering is translating the Pioneers in Justice concept and approach to other grantmaking areas, such as HIV/ AIDS, in order to leverage its learnings and results for even greater social change in San Francisco and beyond.

Similarly, Hurtado was also able to launch an experimental effort as a result of Levi Strauss Foundation’s long-term funding commitment. As mentioned earlier, Hurtado approached the Foundation to support a policy initiative aimed at advancing legislation that would address barriers for formerly incarcerated women to obtain employment upon release. This effort required significant and complex multi-sector and stakeholder engagement, with no guarantee the legislation would pass. Hurtado met with Levi Strauss Foundation early on in the idea inception phase to discuss her vision for this work—including partnering with new allies such as the District Attorney and Sheriff. Despite the inability to promise success, Levi Strauss Foundation invested in Hurtado’s leadership and experience. In late September 2014, the legislation was successfully passed and signed into law.

The Levi Strauss Foundation made an intentional shift to a new grantmaking approach. It focused on



**CLOSE THE  
*TRUCK DRIVER***

**WOMEN: 72c M**

**#ERA EQUAL PAY ~ WWW.EQU**



## Guiding Discussion Questions

**For Funders:** What implications would making a commitment to set aside funds for experimental or innovative projects have on organization and staff? How might such a commitment change the types of organizations or programs you choose to fund?



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**For Funders:** How would making a shift in your grantee portfolio towards a limited number of longer-term commitments affect your foundation's strategy for grantmaking? What opportunities or implications would it create for your foundation or for your grantees?



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**For Funders:** Have you considered leveraging your role as a funder to routinely convene grantees or other stakeholders for open, transparent conversations about what is working and what can be learned from failures? How might holding open, trusting dialogue with groups of grantees change your approach to grantmaking or your relationships with grantees?



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**For Funders and Nonprofits:** What would be the implications for your organization to invest significant resources in building the capacity of emerging leaders? How would this affect how you measure success?



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**For Nonprofits:** How would your interactions with funders change if you knew they had institutional structures that supported experimentation or risk taking, such as a dedicated pool of funds for experimental or innovative projects?



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**For Funders:** How would longer-term funding commitments allow you to think differently about experimenting with new strategies to increase impact?



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**For Nonprofits:** Would you feel comfortable sharing both successes and failures in a funder-hosted convening? If not, what could your funder(s) do to create a sense of trust and place an emphasis on learning from failure to improve future outcomes?



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**For Funders and Nonprofits:** Does your board play an active role in encouraging experimentation and risk-taking? What opportunities exist for your leadership or board to develop new performance metrics that encourage staff to take intelligent risks without the fear of failure?



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**Abdi Soltani**, Executive Director, ACLU of Northern California

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# JACOBS FAMILY FOUNDATION

A BE FEARLESS CASE STUDY



## PRINCIPLES IN ACTION

### MAKE FAILURE MATTER:

Failure teaches. Learn from it.

### EXPERIMENT EARLY AND OFTEN:

Don't be afraid to go first.

### REACH BEYOND YOUR BUBBLE:

It's comfortable to go it alone.  
But innovation happens at  
intersections.

An abandoned lot, an experimental initial public offering (IPO) and a culture that believes that failure leads to learning inspired the Jacobs Family Foundation to transform its business model from traditional grantmaker to place-based funder to maximize impact without sacrificing its core values and mission.

## THE BACKGROUND

The Jacobs Family Foundation was founded in 1988 by Dr. Joseph "Joe" Jacobs, his wife Violet and daughters Meg, Linda and Valerie with a mission to provide skills training to nonprofit leaders. Then and now, the Foundation's work is rooted in and guided by a set of core values—relationships, respect, responsibility and risk-taking. Early grantmaking was primarily limited to

Pasadena, CA, where Joe had established the Jacobs Engineering Group. It gradually extended nationwide and to Lebanon, the original homeland of the Jacobs family. The Foundation granted funds through partnerships, nonprofit strengthening, neighborhood capacity and business development—including employment and education components.



Over the years, the Jacobs family grappled with the fact that while their investments were resulting in incremental progress in the community, they were not leading to dramatic, sustainable change. As the Foundation evolved into the late 1990's, it began to focus in on local placed-based grantmaking in the underserved Diamond Neighborhoods of Southeast San Diego. Funding took a new direction, as local nonprofit organizations became a focal point. Some of the existing grants categories remained the same, but funding for youth, family strengthening and nonprofit capacity building were also introduced. Being placed-based provided the opportunity to fully examine the needs of the neighborhood and to focus investment on strengthening the Diamond Neighborhoods in particular.

The opportunity to experiment with this more focused, place-based approach presented itself in a new way in the late 1990's.

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### **An abandoned 20-acre lot in the Diamond Neighborhoods offered an opportunity for the Foundation to move beyond the role of grantmaker to a new role as community place-based funder.**

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The empty lot was a blemish on the face of the community, and enabled an open-air drug market that put community members at risk.

No commercial buyers wanted it; no developers had a vision for it; no one wanted to invest in it. Joe decided to buy it. The big problem: no bank would approve a loan to purchase the land. It was just too risky.

JOE'S DAUGHTER VALERIE RECALLS,

**“We went to several banks and everyone said we were crazy.”**

Confronted by the Foundation's first barrier to becoming a community developer, Joe decided to put forward his personal stock as collateral to purchase the land.

### **THE “AHA MOMENT”**

The Foundation and the Jacobs family faced many unknowns. Could they bring a diverse, yet segregated community together to work towards a common vision for use of the lot? Could they attract commercial development for the lot? But, as Valerie explains, “my father believed that providing jobs to people is the most respectful thing you can do.”

At the same time, the family knew that creating job opportunities for community members would only be successful if those same individuals had access to transportation, education, skills training and proper healthcare. This 20-acre lot presented an economic development opportunity with the potential to create jobs as a first-order attack on poverty and insecurity, while also addressing its root causes within the community.

For Joe, that opportunity was worth the risk and he banked on his own beliefs that: (1) the poor were “bankable;” and (2) the Foundation should change its business model to move from “Band-Aid” solutions for the community toward systemic change.

## THE *BE FEARLESS* RESPONSE

“EVEN BABE RUTH STRUCK OUT 1330 TIMES.”

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**Joe kept a plaque on his desk that read “Even Babe Ruth struck out 1330 times” as a reminder to himself and his team that failure happens, failure matters and failure leads to learning.**

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Joe’s grandson and current Chairman of the Board Andrew Hapke, notes,

**“Failure was an important part of his worldview. He was the son of Lebanese immigrants and believed in picking yourself up and dusting yourself off. He brought that to the Foundation.”**

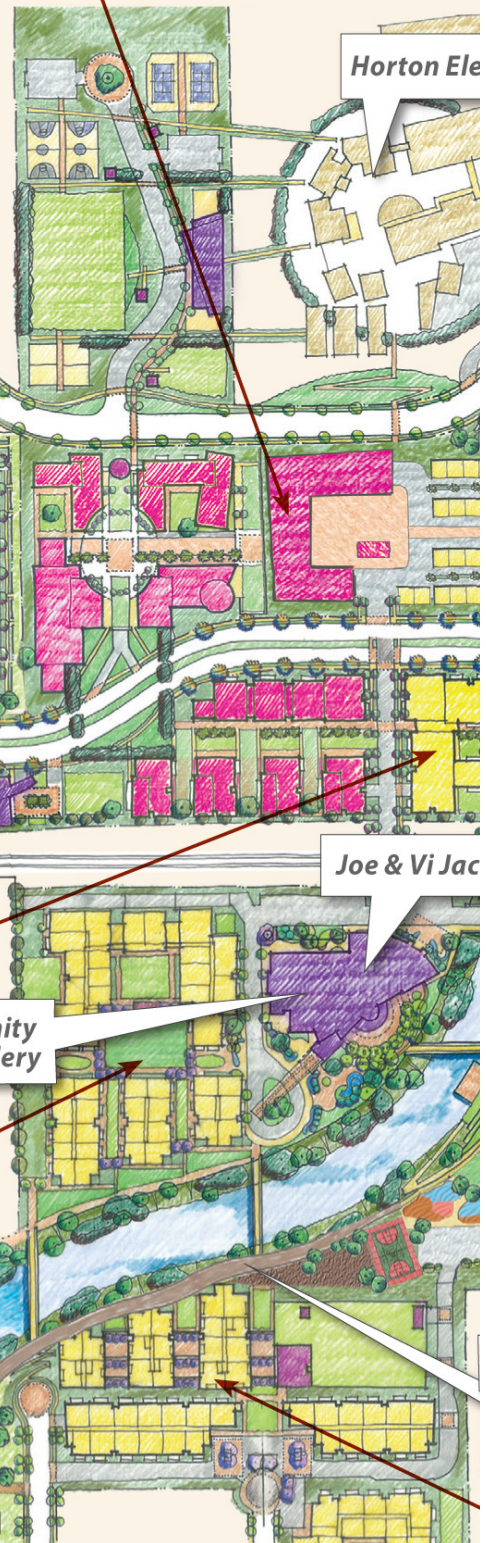
With the purchase of the 20-acre lot, the Foundation decided to experiment with a bold new approach to financing community redevelopment, modeled after an IPO concept to engage residents as investors in

their community. That decision meant transforming the business model of the Foundation from a traditional grantmaking and capacity building organization to an experimental place-based funder focused on holistic community revitalization. While the Foundation confronted all its fears about dramatic change, they understood the importance of smart risk-taking. The 20-acre lot offered the opportunity to pilot a new role in community redevelopment on a fairly small scale and in a fairly controlled environment. If successful with the 20-acre lot, they could expand their real estate investments to a larger territory.

The Foundation increased its odds of success by trying to match incentives to the community with incentives to the Foundation—they believed that people in the communities they were trying to serve needed to be direct participants in identifying the problems and driving the solutions necessary for sustained economic growth, investment and, perhaps most importantly, hope.

While in escrow, the Foundation went door-to-door in the community to hear directly from residents about *their* vision for the lot. They also deployed an outreach team comprised of volunteers from the community at street fairs, festivals, grocery stores and within the neighborhood to interview residents. After 600 personal conversations with residents and businesses, the Foundation had a list of the top 10 ideas for the use of the lot—all drawn directly from the community. First on the list: a grocery store. The community also dreamed of a coffee shop, a sit-down restaurant, a place to bring their families for arts and culture, a bank and a movie theater.





These dreams, over the years, would become a reality through the development of Market Creek Plaza. Market Creek Plaza became home to a Starbucks, a Wells Fargo bank, a sit-down restaurant, a Food4Less grocery store and an amphitheater for cultural events and performances.

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**At the time, they didn't know which swing would be a homerun and which would be a strike out, but they were willing to take the community's recommendations and learn from any failure they encountered along the way.**

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**TRY, FAIL, LEARN, REPEAT... BUT STAY GROUNDED IN YOUR VALUES**

Success did not come without challenges. While other developers offered below-market rates for businesses leased in the community, the Foundation refused to de-value the community in that way. They offered established national and local businesses a standard lease agreement at market rates with increases every five years. With the intention to fill Market Creek Plaza with equal representation from national businesses, local chain businesses and start-ups established by local entrepreneurs, the Foundation established a \$1M loan fund to incentivize local entrepreneurs.

When the Foundation started leasing spaces in Market Creek Plaza, they were thrilled when more than 200 start-ups applied. However, they soon realized that only a limited number of these applicants had the adequate

business plans, work histories and backgrounds to make success likely. While well intentioned to boost local minority and women-owned business enterprises, the fund's sustainability was challenged early on. Businesses were unable to repay the funds provided for business start up and support, driving lending institutions to recapture their loan proceeds from the Foundation's guarantee. More than half of the \$1M fund was recouped and the Foundation took a significant loss by way of bad debt discharge.

Additionally, the portion of Market Creek Plaza dedicated to local start-ups saw significant turnover. One of the ways the Foundation sought to combat these setbacks was to begin offering technical assistance, business plan support and accounting systems support to strengthen the ability for these local businesses to succeed. Despite this concerted effort, the Foundation recognized that its vision to have a strong local entrepreneur presence in Market Creek Plaza was failing.

The loss of capital and apparent lack of success in the local chains and start-up investment strategy mandated reconsideration of the goals for the Plaza. At the end of the day, the profitability and stability of Plaza businesses were critical for the long-term sustainability of the greater vision. As a result, the Foundation recommitted to supporting businesses that were most likely to succeed and maintain a long-term presence. Less focus was put on whether they were national, local chains or local start-ups. As Valerie notes, *"We would love to have local [entrepreneurs], but the Plaza needs to be profitable and so we may need to choose a national business over a local business to ensure profit."* The Foundation recently put in place a tenant selection policy that screens for businesses

that have a chance for success, but also created a local hiring policy to ensure locals benefit from the job opportunities created.

The Foundation then tried something no other Foundation—to their knowledge—had done. They decided to experiment with a Community-Development Initial Public Offering (IPO) to secure local investment in Market Creek Plaza.

Valerie recalls how the idea for the IPO came to be,

**“The IPO model came out of my father’s sense of wanting people in the community to have skin in the game [with the revitalization of the community].”**

She recalls a meeting with community residents where Joe stood up and asked how many would be willing to invest in the community with him. Everyone raised their hands. She quotes her father, *“That makes my heart sing!”* So began the focus of the Foundation on resident ownership in community change.

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**It was important to the Foundation that residents had decision-making power and both physical and financial stakes in the future of the Plaza. This was the only way for it to be sustainable.**

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The Community-Development IPO was an experiment for which the Foundation had no road map. It was also an experiment that took patience. The Foundation invested five years to get the IPO approved. From the moment the application was filed (May 2001) to receipt of the permit from the California Department of Corporations (DOC) to conduct the offering (January 2006), the Foundation had to overcome many obstacles to win approval of the country’s first-ever Community Development IPO. The DOC indicated their willingness to approve this venture, but with conditions, due to the inherent risks of investing in a commercial development. Two such conditions worked in tandem—presenting a strong pro forma of the proposed Market Creek Plaza development and absorbing the high-risk elements associated with development, such as clearing environmental contamination, construction of all primary buildings and fully leasing the plaza. The most daunting of the conditions was convincing the DOC that the offering was fair to residents of modest means in the Diamond Neighborhoods, many of whom did not meet the financial thresholds common to traditional investors.

To address the DOC’s concern of financial capability by residents, the Foundation sought to make requirements flexible to permit any resident of the Diamond Neighborhoods to invest while at the same time limit their risk to an amount they could afford to lose. The Foundation also assured the DOC that potential investors would be screened and educated to provide a reasonable understanding of the risks and potential rewards of investing in Market Creek Plaza. As the intent of the DOC regulation is to protect investors, a 10-10-10 Plan was created by the Foundation, meaning:







(a) any individual meeting the stakeholder criteria could invest up to 10 percent of their income, no matter the limit; or (b) 10 percent of their net worth, excluding homes, cars, furnishings and retirement accounts; and (c) no single investor could invest more than \$10,000. Five years after the initial proposal, all of the conditions were met and the DOC approved the application.

The Foundation did not allow the extensiveness and length of this process to cause the IPO dream to fail. They persevered with their vision for resident-owned community change.

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### **When the IPO was finally approved and launched, it created a network of more than 400 investors who now monitor and work to ensure profitability of Market Creek Plaza.**

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The IPO gave residents the opportunity to buy into their own community development.

After the IPO was completed, the Foundation purchased more land to expand Market Creek Plaza to 60-acres, creating The Village at Market Creek. This next phase of development included building out residential areas along with additional businesses. The project had momentum and growth, and the community was engaged and enthusiastic about the planning. But then in 2008, after a decade of progress, the economy took a downturn, and the housing and building bubbles burst. The state lost its affordable housing redevelopment agencies. Construction stalled for three years. The Foundation's

portfolio suffered, which resulted in drastic cost saving measures that transcended through all components of the work. The Foundation was forced to cut its staff by a third (and subsequently faced the sobering task of rebuilding morale). The community, whose vision and investment had been the engine behind the expansion, began to lose trust.

The Foundation relied on its founding mantra—setbacks are opportunities to learn and adapt. They realized that one organization, no matter how well endowed, could not alone tackle the revitalization of an entire community. From the beginning, the Foundation's goal was to transition The Village at Market Creek over to the community; to move The Village from an effort of community engagement to an effort of community control and governance. For these reasons, the Foundation has recently begun a second major shift—focusing on collaborations and strategic partnerships to achieve large-scale impact in the community. They are working with multiple organizations within and outside the community to drive even bigger outcomes and to ensure that the community as a whole owns these outcomes.

AS VALERIE NOTES,

**“We never wanted to lead, but to be the supporting organization. We want residents to run this.”**

The downsizing of the Foundation's staff, while painful, enabled the organization to trim down to a position where it can more easily play this partner role, transferring key tasks related to the implementation and operations of The Village at Market Creek to the community.

## THE RESULTS

The Community-Development IPO allowed more than 400 community members to buy shares in the economic development of their community. Those community members became owners in the direction of the community's future. As a result of this community investment, the Diamond Neighborhoods have benefited from job growth, reduced crime, greater cultural connectivity and greater civic engagement. Following the IPO, investors were seeing a 10 percent return on their investment. However, the consistency of these returns was challenged by the economic recession and its impact on the profitability of Market Creek Plaza.

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**In three of the last six years, dividends have been paid out to investors at a 10 percent return. Investors are aware of and fully understand that the payout of dividends is directly connected to the profitability of Market Creek Plaza.**

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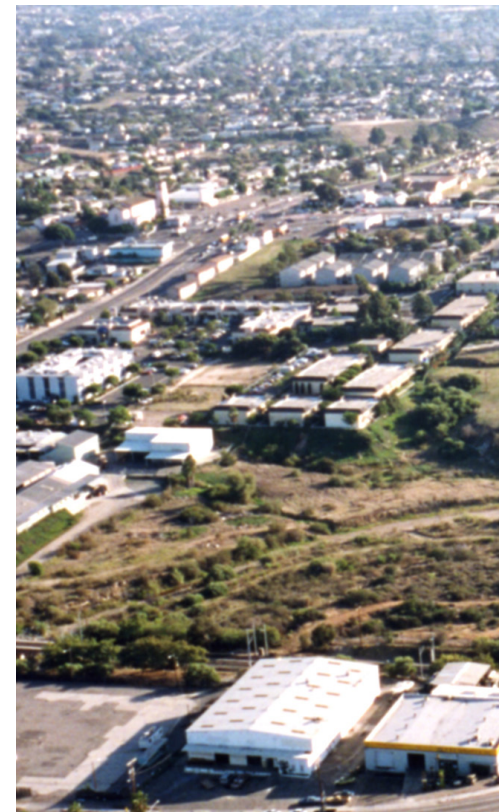
In years when the Plaza has been profitable, dividends have been paid; in years when the Plaza has broken even or suffered a loss financially, dividends have not been possible.

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**When asked about the most significant, tangible outcomes of Market Creek Plaza, Reginald Jones, President & CEO, cites the engagement of a large number of residents and stakeholders in the visioning, planning and implementation of community change.**

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He notes the wealth-building opportunities that the IPO-model has provided to resident investors. He also talks about how the plaza has helped to foster increased quality of living within the community through access to arts and culture programs and performances. Valerie highlights the development of a Community Investment Fund (CIF) as one of the most significant outcomes of the IPO. The CIF was started by a group of original investors in Market Creek Plaza that wanted to continue to make direct investments in real estate in the Diamond Neighborhoods.





The fund is comprised primarily of dividends from their original investment as well as their own personal dollars. To date, the group has generated a pool of funds totaling just over \$90,000. Once they achieve their fundraising goal of \$100,000 they will decide on how to invest the funds within the community. The vision for the CIF is to create a long-term, sustainable income source for continued investment in real estate in the community. Jacobs Family Foundation has supported these investors as a technical advisor, ensuring they are able to access the needed legal and investment counsel. The shift that the Foundation took from traditional grantmaker to place-based funder was not without challenges. That said, the failures they experienced along the way were what enabled them to also learn. The Foundation persevered through a fundamental shift in its approach to philanthropy, a land purchase that no financial institution supported, an economic downturn, community mistrust and an unproven IPO model that state agency administrators feared. The Foundation is still working to help residents fully recognize the value of the philanthropic partnership in being able to leverage resources and stimulate development in the community. Through their tenacity, the Foundation has given residents of the Diamond Neighborhoods a meaningful say in the direction of their community.

Through its nearly 20-year commitment to Southeastern San Diego, the Foundation has demonstrated their commitment to investing in the community over the long-term. Today, the Foundation is focused on shifting governance for The Village at Market Creek to the community and to sunset its control by 2030.

## REGINALD NOTES,

**“Our key charge now is to redevelop the vacant land, foster family strengthening, and build the governance model in order to bring community stakeholders into the boardroom.”**

Along with this, Reginald says,

**“It is essential to cultivate appropriate collaborations and strategic partnerships that will increase resources to advance the work at hand. This is what will drive success for us.”**

True to its history, the Jacobs Family Foundation will continue to experiment, learn and persevere through failure as it makes this next transition towards its vision of resident owned community change.



## Guiding Discussion Questions (For Funders and Nonprofits)

As an organization, are you having the desired impact you'd like to have, or like Jacobs Family Foundation, is there a shift needed in your approach?

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\_\_\_\_\_

How does your organization think about risk and talk about failure?

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What things might you do differently to think about failure as a crucial component of success?

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\_\_\_\_\_

Do you have a set of corporate values that guide your work? Would a set of corporate values be useful to guide/focus/ground your work?

 \_\_\_\_\_  
\_\_\_\_\_

To what extent do you set aside funds for experimental or pilot projects? Why is that important to you?

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\_\_\_\_\_

To what extent is your organization comfortable bringing stakeholders into your most strategic decision-making processes?

 \_\_\_\_\_  
\_\_\_\_\_

What would it take for you to sincerely engage unusual bedfellows in decisions about the vision and strategy behind your investments and key decisions?

 \_\_\_\_\_  
\_\_\_\_\_

Created in partnership  
with **Community Wealth  
Partners**

Special thanks to:

**Reginald Jones**  
President & CEO

**Stephen Maduli-Williams**  
VP, Economic Development;

**Andrew Hapke,**  
Board Chair

**Valerie Jacobs Hapke**  
Board Member

**for their contributions to this  
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# GLOBAL HEALTH CORPS

A BE FEARLESS CASE STUDY



## PRINCIPLES IN ACTION

### EXPERIMENT EARLY AND OFTEN:

Don't be afraid to go first.

### REACH BEYOND YOUR BUBBLE:

It's comfortable to go it alone. But innovation happens at intersections.

Fearless from the start, Global Health Corps was formed by six diverse strangers with a shared vision—to spark and nurture unlikely partnerships among very different young people from around the world to impact global health.

### SYNOPSIS/SUMMARY

Global Health Corps is experimenting early and reaching beyond its bubble by not only providing a platform for young professionals to leverage their unique skills and talents, but also by partnering across sectors and borders to work on the front lines of health equity.

In this case study you will learn how Global Health Corps, founded by six unlikely partners, is changing the perception of global health by acknowledging that relevant expertise is *everywhere*. By engaging with non-traditional partners and connecting individuals with

diverse skill sets, the organization is positively impacting the health of underserved populations around the world. And you will learn about the impact fellows are having in the field—from reducing stock-out rates for critical medicines in Malawi, to writing a national training manual preventing HIV transmission from pregnant women to their babies in Uganda to developing a comprehensive chronic disease prevention report on environmental solutions to the top 10 causes of death in Newark, NJ.



## THE BACKGROUND

In 2008, six individuals in their 20's found themselves connected through the 2008 AIDS 2031 Young Leaders Summit hosted by UNAIDS and Google. The group included Barbara Bush, Andrew Bentley, Charlie Hale, Dave Ryan, Jenna Bush Hager and Jonny Dorsey. During a plenary session at the Summit, each participant heard a bold and inspirational challenge put forth by Dr. Peter Piot of UNAIDS:

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**Find new ways to engage the next generation of leaders in solving the world's health problems.**

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While all six founders were passionate about global health, only a few had any background or experience in the field: Bentley and Hale worked in the tech sector; while Dorsey and Ryan had backgrounds in student campaigns; Bush Hager brought an educational background; and Bush brought field-based global health experience. Each was a visionary in his or her own right. These six young people had not all met before the summit and *none* had ever led an organization before. Through a series of interactions after the conference, they soon discovered a common interest in creating social change and a shared conviction: belief that their generation had powerful ideas to offer and that hundreds of thousands of their peers were equally motivated. Armed with a new, exciting sense of community and purpose, these six young people decided to take Dr. Piot's challenge on as their own.

## THE "AHA MOMENT"

Following the conference, the six new friends with different backgrounds met for a weekend at an apartment in Baltimore, MD, to discuss and reflect on Dr. Piot's message and what it might mean for them.

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**They recognized that they each brought specific skills and strengths to the table despite their vastly different backgrounds.**

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With collective expertise that ranged from IT to advocacy and from health to education, they came to the conclusion that their background and skills—much of which fell outside the traditional background for health workers—could all be relevant and helpful in meeting Dr. Piot's challenge. Operating outside the constraints of convention, they developed a shared belief that dramatic power existed within their collective diversity (and that of their peers).

Over the course of the weekend, the group came to realize a shared vision for a programmatic model that, similar to Teach for America, would provide a platform through which young people interested in global health could leverage their unique talents to positively impact health organizations. Equally important, such a network-based organization could create for those same young people the network, skills and experiences to effect change in the field for the rest of their careers. They envisioned a model where young people from around the world partnered together and brought their unique talents to the effort.

## THEY ASKED THEMSELVES,

**“Could the common passion, yet diversity of thinking that brought us together also be a model for engaging young people in issues of global health?”**

While they weren't sure if such a model existed, they were beginning to see the power of diverse partnerships through their own interactions made that weekend in Baltimore. They decided that their idea was worth investigating. By the time the weekend was over, the vision and rough business plan for Global Health Corps was born.

## THE BE FEARLESS RESPONSE

Despite the obvious risks of embarking on a partnership with equally young and inexperienced individuals, the six members of the Global Health Corps founding team made a commitment to investigate their vision. They began to extensively research their initial idea; surely such a program must already exist? After spending four months speaking with sector experts like Wendy Kopp, Larry Brilliant and Paul Farmer, and meeting with leading organizations like Partners In Health and Clinton Health Access Initiative, it became clear that no other organization was intentionally engaging 20-somethings from around the world in a collaborative approach to global health work. This discovery catalyzed a personal and professional commitment among the six founders

to focus their time, attention and energy to initiating their program model. Together, they launched Global Health Corps with a mission to mobilize a global community of emerging leaders to build the movement for health equity.

The transition from envisioning to actually launching Global Health Corps was a leap. When the organization was founded, all of the founders worked remotely. There were no formal job descriptions or titles defining an organizational hierarchy. It was simply all hands on deck. Having a virtual team with founders in both San Francisco, CA, and New York City enabled the team to divide and conquer relationship-building efforts on both coasts. The donation of a conference room within another nonprofit organization provided the organization with its first office space (which is still Global Health Corps' base of operation).

One of the biggest start-up hurdles that the organization faced was securing partnerships with development organizations willing to host fellows. It wasn't until they had convinced Partners In Health and the Clinton Health Access Initiative (two leaders in the global health field) to take fellows that the program really got off the ground. Securing commitments from these organizations gave Global Health Corps the credibility needed to attract other global health organizations to take on fellows. Through the formation of these early partnerships with key leaders in the field, as well as seed funding from google.org, Global Health Corps transitioned from an idea into an actual organization.





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**When asked what factor most inspired Global Health Corps to take a fearless idea over the start-up hurdle, Co-Founder and CEO Bush credits safety in numbers; having a large and diverse start-up team all committed to a common, bold idea.**

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Collaborating with a team of six diversified the risk and made it possible to dream bigger. Because founding team members brought unique backgrounds from within, as well as outside of, the health space, the collective team had a wide lens through which to approach their work. As Bush notes, *“We saw value in the fact that each [founder] was passionate about global health issues, but each was coming from a different academic and professional background. Each brought a different lens to the same set of issues. It was our shared commitment to the issues that enabled us to drop everything to start something that was just an idea.”*

**“We were able to iterate on a model together because we were looking at issues through a different set of eyes.”**

In this way, the program, which draws young professionals from a variety of backgrounds, is directly modeled on the founding team.

## **ENVISIONING A BOLD NEW PROGRAM MODEL**

Through its yearlong paid fellowship program, Global Health Corps provides opportunities for young professionals 30 years of age and under from around the world to serve on the frontlines of the fight for global health equity. Global Health Corps competitively selects fellows with diverse skill sets to fill pre-identified talent gaps at high-impact health organizations. During their fellowship year, fellows make a significant and measurable contribution to the placement organization and the community it serves. Throughout the year, Global Health Corps invests in trainings, community building activities, leadership development and mentorship for the fellows, equipping them with the skills and network necessary to be changemakers and paradigm-shifters in the global health field throughout their careers. After the fellowship, fellows join a strong alumni network, through which Global Health Corps facilitates continued collaboration and knowledge-sharing on health issues.

Since its founding in 2009, Global Health Corps has deployed 450 young leaders to work in 7 countries (in East and Southern Africa and the US) serving nonprofit, private sector and government organizations. Fellows are currently working in Rwanda, Burundi, Uganda, Malawi, Zambia and the United States.

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**The current 128 fellows who represent 22 citizenships were selected out of nearly 5,000 candidates and are serving with 59 partner organizations.**

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## EARLY EXPERIMENTAL FUNDING ALLOWS A NEW, UNPROVEN IDEA TO TAKE SHAPE

Bush credits a few key funders willing to take a risk on an unproven idea for helping to make the vision for Global Health Corps a reality. She cites the Case Foundation, google.org, as well as Echoing Green and the Draper Richards Kaplan Foundation for providing early financial support and thought partnership that helped to launch the effort. The Case Foundation met with the founding team during the organization's four-month research phase to help them reflect on potential operating models. They then committed to providing seed funding to kick-start the organization. Echoing Green and the Draper Richards Kaplan Foundation were also willing to take a risk and support an organization that had done its homework, but did not have results, numbers or metrics to show. These two funders in particular helped the founding team to think through contingency plans to help manage inevitable risks.

AS BUSH NOTES,

“Having thought partners allowed us to be poised and ready to handle challenges.”

## INTENSE FOCUS ON CROSS-SECTOR, MULTI-NATIONAL PARTNERSHIPS

Global Health Corps believes that health leaders who are connected across borders, sectors and institutions are necessary to make sustainable widespread improvement in health access and health outcomes.

Therefore, all Global Health Corps fellows work in cross-cultural teams of two, with one fellow from the host country and one international fellow. Fellowship teams are able to exchange and field test best practices employed in their home countries or learned through their complementary past experiences.

Bush shares an example of a past fellowship team that worked as part of a health policy effort with the City of Newark in New Jersey. The team was comprised of a fellow from New Jersey and another from Nigeria. The City was interested in developing a model for health care focused on primary health care in Newark. The idea was to influence behavior of the most economically disadvantaged segment of the population in order to reach individuals before health deterioration led them to the hospital.

Using their knowledge of a model common in Nigeria and much of the developing world, the fellows contributed their thoughts and ideas to a policy and programming plan for the implementation of a community health worker model sponsored by the City of Newark. As part of the plan, community health workers in Newark would be trained to go into the most critical areas of the community for weekly home visits to educate residents on how to access healthy foods with food stamps, examine and discuss food options currently in their kitchen and ensure medications were being taken properly to prevent health issues. As Bush notes, “This was a model for community health that was being rolled out throughout the developing world and had been successful, but was not being used in the United States.





**“This example highlights that there is so much to learn from what is being applied elsewhere.”**

#### **REDEFINING WHAT IT MEANS TO HAVE “EXPERTISE”**

Global Health Corps was born out of the belief that the complexity and scope of the challenges involved in global health necessitate participation from a wide range of fields beyond medicine. This need is evidenced by the fact that for the past five years, Global Health Corps’ partner organizations have continually requested fellows with a variety of non-medical backgrounds from supply-chain management and finance to communications and computer programming or engineering. These skill sets are critical in health service delivery: communications experts are needed to get health messages to hard-to-reach populations as are computer scientists who can design mobile phone technologies to collect critical health data. As a result, Global Health Corps fellows represent more than 30 fields of expertise filling critical gaps at Global Health Corps’ partner organizations.

While Global Health Corps recognizes that there is nothing particularly experimental or innovative about engaging people with different backgrounds to solve big social problems, the fact that it is engaging 20-somethings with experience seemingly unrelated to health to work on health issues requires a high tolerance for risk. It is uncharacteristic for development organizations to look to early career, non-health experts to solve complex global health issues.

#### **AS BUSH NOTES,**

**“In the development field, there is an understanding that experts are over age 60 with a PhD. That is true, but we are also bringing younger, non-academic and non-Western voices to the table.”**

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### **Global Health Corps is reaching beyond its bubble to change the perception on how to tackle global health issues:**

**“When people think about global health, they think medicine or science. Our fellows are architects and engineers and they have a role to play in addressing these challenges.”**

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Global Health Corps’ fundamental approach to the sector has been to leverage atypical skill sets to make impact. One example was the organization’s decision to intentionally recruit fellows with architectural backgrounds because of Global Health Corps’ knowledge that design can have a huge impact on health. Since its second year of operation, Global Health Corps has placed 10 fellows at the MASS Design Group in Rwanda.

As Emily Moore, Strategic Partnership Manager, notes: “All of these 10 fellows were architects whom we recruited for their architecture backgrounds in order to support MASS’s work in patient-centered design.” One of the projects these fellows engaged in was the improvement of the design of a health facility in an effort to prevent the spread of tuberculosis (TB). TB is an airborne, infectious disease and with an improperly designed health center, TB patients can easily expose the disease to other patients. These fellows were able to look at a health center and its airflow systems and make design recommendations on how to prevent transmission of such diseases. A doctor or traditional medical practitioner may not have the lens through which to consider this important health protection angle.

### **WEAVING A NETWORK ACROSS BORDERS, SECTORS AND BOUNDARIES**

In line with Global Health Corps’ commitment to collaboration across sectors, countries and backgrounds, the organization invests heavily in creating spaces and opportunities for that to happen amongst its fellows and alumni. Specifically, Global Health Corps organizes quarterly retreats for each fellow class, commencing with an intensive two-week Global Health Corps Training Institute at Yale University every July. At each retreat, fellows have the opportunity to network and workshop with their peers from dozens of countries and professional backgrounds, as well as to hear from a diverse array of professionals with expertise ranging from advocacy to health systems to organizational behavior.

These retreats equip fellows to be more critical thinkers during their fellowship year as well as cements relationships across fellows in the different placement countries, ensuring that they will continue to reach out to fellows in different countries and placement sites for inspiration and problem-solving throughout the year and beyond. For example, a fellow in Malawi working with a health ministry may learn about and potentially leverage what an American fellow is doing for a direct service organization in Washington, DC. These opportunities lead to the consideration of diverse and complementary perspectives on health issues, including: prospects for skill transfer and experience-sharing; exploration of common issues and new ideas; and chances for synergies across borders and organizational boundaries. Innovation is catalyzed since fellows and organizations can quickly tap into the shared pool of knowledge of the Global Health Corps network to address challenges, rather than searching for solutions in a vacuum.

### **THE POWER OF NON-TRADITIONAL PARTNERSHIPS**

Global Health Corps’ model also embodies the principle of reaching beyond its bubble through the diversity of partners it works with across six countries. While initial partners were almost exclusively non-profits, the organization’s 59 current partner organizations now also include health ministries and private sector companies. Partners include the Clinton Health Access Initiative, Partners In Health, Imperial Health Sciences, the Boston Public Health Commission, mother2mothers, the Rwandan Ministry of Health and the Elizabeth Glaser Pediatric AIDS Foundation.





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**Global Health Corps recognized that to impact global health issues it needed to work not *just* with direct service organizations, but also with public institutions and international NGOs to influence health policy.**

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To develop health infrastructure and systems, private sector investment and involvement is also needed. Bush notes,

**“If we want to move the needle, we need a variety of partners at the table.”**

At the same time, exposing fellows to a range of types of organizations working on global health gives them a deeper understanding of the breadth of options they have to engage within the field, which will equip them to be more effective health leaders throughout their careers. Global Health Corps is also invested in cultivating relationships with non-traditional partners who may not place fellows, but can offer expertise and thought partnership to the organization. One example is Global Health Corps’ strong relationship with Hewlett Packard (HP) in which HP employees with extensive knowledge in supply chain management and communication serve as advisors to Global Health Corps fellows. Bush notes, “We realized that we needed to

build less obvious partnerships beyond our [fellowship] placement partners. It will be more impactful for fellows to be coached by Hewlett Packard executives with 30 plus years of supply chain experience.

**“There is no need for us to reinvent knowledge that already exists.”**

## **THE RESULTS**

Global Health Corps has a two-pronged approach to measuring results. At a top level, it pursues three big goals:

- increase the impact of organizations working in the field of global health;
- create a talent pipeline of young people with experience in and passion for global health; and
- build a community of changemakers that will continue to impact the field of global health beyond their fellowship year.

The organization has made considerable strides in achieving these outcomes in its short tenure. Growth in the fellowship class each year has provided the human capital needed to support more organizations working in the field of global health to increase their impact. Since 2009, Global Health Corps has significantly expanded its network, growing from eight placement organizations to fifty-nine in just five years. The fellowship class has grown in size—experiencing a nearly 500 percent increase

between 2009 and today. From 22 fellows in the first placement class to 128 in the current class these fellows represent a variety of disciplines and 30 different fields of expertise, who collectively speak 38 languages. Together they are connecting people from around the world who may never have had an opportunity to engage with one another otherwise. As a result of engaging fellows with diverse and non-traditional backgrounds and partnering with a range of organizational types, Global Health Corps is changing the perception of how to approach global health issues.

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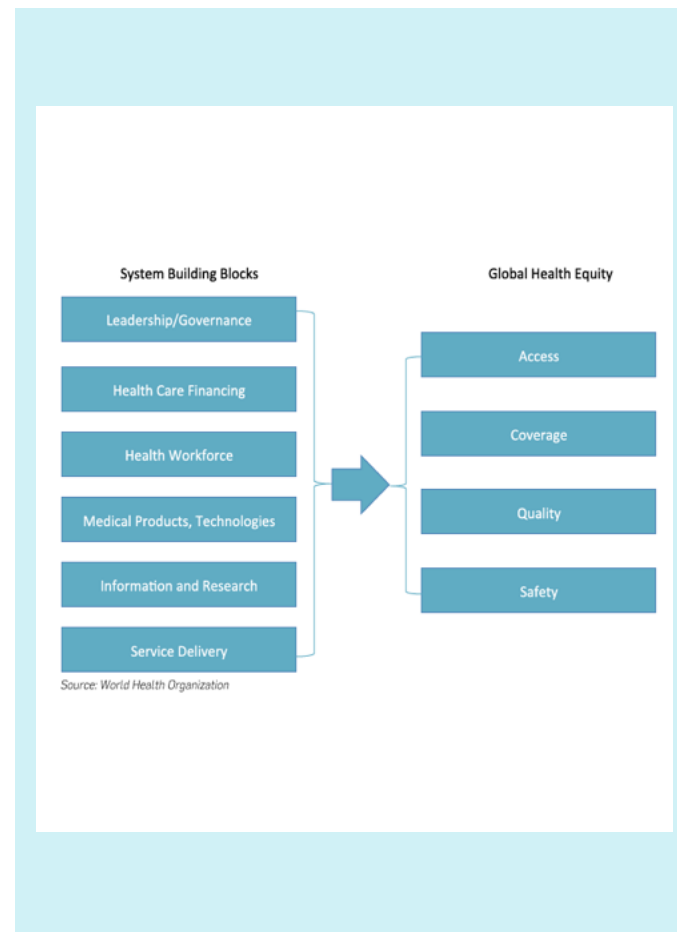
**In fact, 87 percent of placement organizations report that fellows have had a very positive or positive impact on their organization. Global Health Corps has validated that young people, especially those with non-health backgrounds, have a role to play in complex global health issues and that multi-sector, multi-national partnerships have the power to create systems-level change.**

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Global Health Corps is also succeeding in its goal of inspiring young people to contribute to the field of global health post-fellowship, creating a pipeline of passionate, multi-skilled talent for the field. Seventy-two percent of the most recent class of fellows report that they are more likely to be involved in the movement for health equity and social justice because of the fellowship.

Ninety percent of the most recent fellowship class took next steps in the global health and social justice field, including working at organizations like UNICEF, One Acre Fund, the UN Foundation and pursuing graduate degrees like an MPH and MPPS.

At a more operational level, Global Health Corps employs an approach that builds upon the World Health Organization's Health Systems Building Blocks (see diagram below) to direct its fellowship programs to improve global health equity.





Global Health Corps actively tracks contributions made by fellows to each system building block over the course of their work. The following examples provide a snapshot of the incredible accomplishments of fellows working hand in hand with their partners:

**Leadership and Governance:** A fellowship team in Zambia recently created and implemented the country's first National Tuberculosis Prevalence Survey to quantify the number of people suffering from TB. This is the first fully electronic survey to assess TB prevalence and will enable more accurate distribution of resources needed to treat and prevent its spread. Fellows in Uganda drafted and guided the submission and approval of the first national document addressing unsafe abortion in the country.

**Health Care Financing:** Fellows contribute expertise to managing monthly expenditure reporting and bank reconciliation in real-time, ensuring projects remain accountable for expenditures.

**Health Workforce:** Fellows create and facilitate critical, national-level trainings needed to strengthen the health workforce. For instance, fellows in Rwanda led the national scale-up of a program that has trained over 20,000 community health workers to use mobile technology to track pregnant women in order to more effectively deliver care.

**Medical Products and Technologies:** Through developing inventory management tools, decreasing stock-out rates and establishing multi-year procurement plans, fellows are increasing access to medical products and technologies.

**Health Information and Research:** Fellows are helping to produce, analyze and disseminate health information. In one such project in Malawi, fellows created a data quality assessment tool and conducted assessments of community-based organizations to assist in developing reliable monitoring and evaluation systems.

**Service Delivery:** Fellows are improving the quality, safety and effectiveness of health services through direct service provision and improved healthcare access. For example, fellows secured access to and distributed over 700 mosquito nets in a region of Uganda, reducing malaria prevalence there by 60 percent.

These are just a few examples of the ways in which fellows are combating complex global health challenges.

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**The organization continues to iterate upon its model and experiment with programmatic improvements.**

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The annual nature of the fellowship program provides Global Health Corps with a yearly opportunity to pilot test new topics and approaches before integrating them into the program model. An annual feedback loop in which fellows are surveyed and have the opportunity to weigh in on their experience contributes to program iterations. Global Health Corps then intentionally pilots ideas, such as new trainings, on a smaller scale with a subset of alumni or fellows before rolling out to the new fellowship class.

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**While increasing scale has historically been centered on growing the number of fellows engaged annually, there has been a recognition that facilitating collaboration among alumni is key to increasing long term impact.**

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This testing enables the organization to tweak elements of its program model and garner feedback before making decisions.

Moving forward, Global Health Corps aims to more intentionally leverage the tremendous power of its alumni network to continue to make an impact in the global health sector.

Global Health Corps has changed its definition of scale as a result and invested efforts in creating a more formalized system for alumni to reach beyond their bubble and connect and engage with one another. As part of this effort, Global Health Corps is collaborating with a social networking and mapping expert to identify better ways to stimulate cross-sector, multi-national collaboration amongst its network of nearly 450 alumni and fellows.

AS BUSH NOTES,

“Our hope is that this [continued alumni collaboration] will be the normal way of operating as opposed to working in country or sector specific silos.”

In summary, Global Health Corps is an inspiring example of the value of “reaching beyond your bubble” and “experimenting early and often” by recognizing and calling into service the skills that a surprising and diverse set of actors can bring to complex social issues. It is those transferrable and complementary skills that have the potential to fill gaps in systems and, ultimately, the power to create positive change.





## Guiding Discussion Questions


**For Funders and Nonprofits:** Are you engaging any unlikely partners currently, and what opportunities might exist to do so more intentionally?

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\_\_\_\_\_

**For Funders and Nonprofits:** How might your organization better ingrain a diversity of perspectives and backgrounds within your leadership, board, or programs to open your circle and garner new perspectives in your work?

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**For Funders:** How are you encouraging your grantees to investigate and form unlikely partnerships with organizations that can provide a diverse perspective to your grantee's work?

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\_\_\_\_\_

**For Funders:** To what extent are you setting aside funds to support projects, programs, or ideas that have significant potential, however are not yet able to show outcomes?

 \_\_\_\_\_  
\_\_\_\_\_

**For Nonprofits:** To what extent do your funders enable you to take risks and support that risk-taking financially or through thought partnership? What might you do differently if you had that support?

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\_\_\_\_\_

Created in partnership with **Community Wealth Partners**

Special thanks to:

**Barbara Bush**  
CEO and Co-Founder

**Emily Moore**  
Strategic Partnership Manager;  
**Heather Anderson**  
VP of Programs

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# SALESFORCE FOUNDATION

A BE FEARLESS CASE STUDY

## PRINCIPLES IN ACTION

### LET URGENCY CONQUER FEAR:

Don't overthink and overanalyze. Do . .

### EXPERIMENT EARLY AND OFTEN

Don't be afraid to go first.

The Salesforce Foundation revolutionizes corporate philanthropy through its innovative 1-1-1 model, giving 1 percent product, 1 percent equity and 1 percent employee time for philanthropic purposes.

### SYNOPSIS/SUMMARY

Soon after its founding, Salesforce adopted a bold new approach to philanthropy, creating the Salesforce Foundation to implement a 1-1-1 integrated model of charitable giving. With this commitment, Salesforce grants 1 percent product, 1 percent equity and 1 percent employee time for philanthropic purposes.

In this case study you will learn how Salesforce let urgency conquer fear to create a corporate foundation while still in startup mode and created a new, integrated approach to corporate philanthropy that has inspired other companies to think about their philanthropy in a fresh way.



## THE BACKGROUND

The Salesforce Foundation is the corporate foundation of Salesforce—a pioneer of software as a service (SaaS)—that has delivered software over the Internet years before the cloud of today was conceived. Salesforce is widely known for revolutionizing the way organizations communicate with customers. Marc Benioff, Chairman and CEO, founded Salesforce on three principles: 1) the company would be the first to offer this revolutionary web-based software technology to the world; 2) the company would offer this new technology through a subscription model not used before in the software sector; and 3) philanthropy would be a pillar of the company. Within a year of starting Salesforce, Benioff looked to fulfill Salesforce’s commitment to integrate philanthropy into its business. The question was: how?

## THE “AHA MOMENT”

Benioff was inspired by companies like Ben & Jerry’s and Levi Strauss & Co. that were donating a portion of their financial resources to charity. However, at the time, Salesforce was a relatively small startup. It was only after the company gave out two free software licenses to a couple of inquiring nonprofit organizations that Benioff saw that the company could give something other than money. Salesforce had three highly valuable assets: the talents and skills of its team, its software solutions and some equity. These assets had just as much power to impact communities as money. It was this realization that inspired a bold new idea for an integrated approach to philanthropy: the 1-1-1 model.

The model would have three components: Salesforce would build its philanthropy strategy around a 1 percent donation of its product, equity and employee time to support charitable initiatives.

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**Under the 1-1-1 model, the company would gift or discount 1 percent of its products each year to nonprofit and higher education organizations. In addition, 1 percent of the value of its equity would be given as grants.**

**Finally, Salesforce employees would donate 1 percent of their annual work hours to support a cause of their interest. Together, this donation of 1 percent product, equity and time shaped the philanthropic vision for the company.**

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## THE *BE FEARLESS* RESPONSE

### SALESFORCE FOUNDATION LAUNCHES IN SALESFORCE’S EARLY DAYS

To launch the 1-1-1 model, Benioff recognized the need for a corporate foundation dedicated to implementation. He let urgency conquer fear in a way that most new companies never would: he launched a corporate foundation within a year of the company’s founding. At the time, the company was still operating out of an apartment with only a few employees. While most companies would spend years or even decades achieving a certain scale before launching a corporate foundation, Salesforce decided not to wait. The company was founded in 1999, and by April 2000 it had hired Suzanne DiBianca to head up its new corporate foundation.

AS DIBIANCA STATES,

**“We did not wait for comfortable success. We wanted to create a new model for business and act early.”**

The company’s size at the time forced the Foundation to start small. In the Spring 2014 issue of the Stanford Social Innovation Review, Benioff states, “When I started the Salesforce Foundation, it was easy, because we had no employees, no profit, and no product.” Nevertheless, Benioff recognized the soundness of the 1-1-1 model and committed to it by granting more than 500,000 shares of founder’s stock to support the Foundation’s early efforts. It was the 2004 initial public offering of Salesforce that provided the asset base needed to underwrite the activities of the Foundation.

Setting up the 1-1-1 model early enabled Salesforce and the Salesforce Foundation to demonstrate the power of a company’s assets beyond its dollars. As DiBianca notes,

**“Writing a check and walking away is not the answer. Of the over \$300B in charitable giving in the US, only about 5 percent of that is coming from corporations.”**

**There is an opportunity in the philanthropic sector to supplement charitable dollars with other assets, such as people and products.**

By the time the IPO took place, the company had swelled to nearly 700 employees and was growing at a rapid pace. As the company grew, more and more employees were available to dedicate 1 percent of their time to volunteering.

### **CORPORATE SUCCESS MEANS GREATER SOCIAL IMPACT**

As Salesforce’s employee base continued to grow, the Foundation needed to expand to be able to both support meaningful volunteering activities as well as continue its own grantmaking. To financially support the growth of the Foundation, DiBianca presented ideas for how to dramatically grow the size of the Foundation’s endowment to company leaders. To enable the Foundation to continue to scale its impact in alignment with the growth of the company, Benioff and the Foundation’s Board of Directors granted the Salesforce Foundation exclusive rights to be the sole reseller of Salesforce software to nonprofit and higher education organizations in 2009. As part of its commitment to dedicating 1 percent of its products, the Foundation grants nonprofit organizations and higher education institutions with free and deeply discounted Salesforce licenses through its Power of Us program. The Salesforce Foundation also provides access to training, events and consulting partners.





Selling Salesforce products required new skill sets to be integrated into the Foundation, particularly a sales team dedicated to growing the Foundation's revenue through selling licenses (at a discount) to nonprofit and higher education organizations. This investment in staff capacity subsequently required the organization to reinvest much of its profits back into itself for several years. These investments, combined with the fact that 85 percent of nonprofits receive software licenses for free, the right to sell Salesforce products has enabled the Foundation to grow from \$1.5M in average annual revenue to \$20M in revenue and 188 staff today. This growth in revenue has allowed the Salesforce Foundation to dramatically increase its grantmaking efforts.

In September 2014, the Salesforce Foundation announced it would be applying the 1-1-1 model in a tremendous way to support the San Francisco Unified School District (SFUSD). The Foundation made a \$5M donation and committed 5,000 hours of its employees' time in the 2014-2015 school year to advance science, technology and math education in San Francisco schools. This commitment aims to advance the expansion of San Francisco Mayor Edwin M. Lee's Middle Grades Leadership Initiative for the SFUSD and to dramatically increase technology resources for San Francisco students.

Mayor Lee emphasized the value of the Salesforce Foundation's commitment saying "I'm grateful that the Salesforce.com Foundation is once again stepping up to help our youth reach their fullest potential. Salesforce.com is a tremendous partner to our City and our residents, bringing thousands of new jobs to San Francisco and giving back through innovative public-

private partnerships like our Middle Grades Leadership Initiative to make San Francisco a city where we all can succeed." DiBianca responded by adding,

**“We are doubling down on our commitment to middle school students. With our financial resources and the volunteer efforts of Salesforce employees, the Salesforce Foundation is proud to help prepare San Francisco students for the jobs of tomorrow.”**

Through the 1-1-1 model, the SFUSD will benefit from the following: SFUSD will expand to 48 Wi-Fi enabled digital classrooms across 12 middle schools and 8 K-8 schools; distribute 1,200 additional iPads and 800 Google Chromebooks for use in math and science classes; benefit from 5,000 volunteer hours from Salesforce employees; and provide 4 full-time technology instructors across 20 schools to assist teachers.

#### **LAUNCHING 1-1-1 PROVED THE MODEL AND INSPIRED OTHERS TO TAKE A 1-1-1 PLEDGE**

Launching a corporate foundation while still in startup mode is a risk that very few leaders would take.

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**The effort to realize the 1-1-1 model required a strong commitment, an unwavering willingness to take a risk and an unshakable belief that philanthropy could be a core tenet of the organization from the start.**

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DiBianca credits the nature of Salesforce in part with its willingness to experiment and to fail forward:

**“We are a software company. We do beta. A good software company designs and tests versus planning, planning, planning. We try, fail, we iterate, and we see what is working by listening to our constituents. In this way, we are hands on philanthropists.”**

By conceptualizing and experimenting with a new model of corporate philanthropy that values time and products in addition to financial resources, Salesforce created a replicable model that has inspired other companies to take a more organized, multi-faceted approach to their own philanthropy.

In addition to making the 1-1-1 model the heart of its own philanthropic strategy, Salesforce Foundation has taken a bold approach to inspiring the corporate sector to do the same. The Foundation created “Share the Model” to invite other companies to take an integrated approach to their own philanthropy, with the core belief that the 1-1-1 model will create change more rapidly than a more traditional, grants-only approach. The goal is to inspire the same “aha” moment within other organizations that Salesforce had about its own philanthropic efforts early on. As DiBianca notes, “We catalyzed Share the Model in order to make the 1-1-1 model a national movement

that goes even beyond technology companies. We want organizations to execute the 1-1-1 model from start-up.”

Through Share the Model, the Salesforce Foundation encourages other organizations to commit to gifting a portion of their company products and/or resources and/or people’s time to philanthropy. Companies are encouraged to make a pledge to integrated philanthropy despite whether they are currently positioned to commit to a part or all of the 1-1-1 model (i.e., regardless of whether they can commit 1 percent of their products, equity *and* time or 1 percent of their product, equity *or* time).

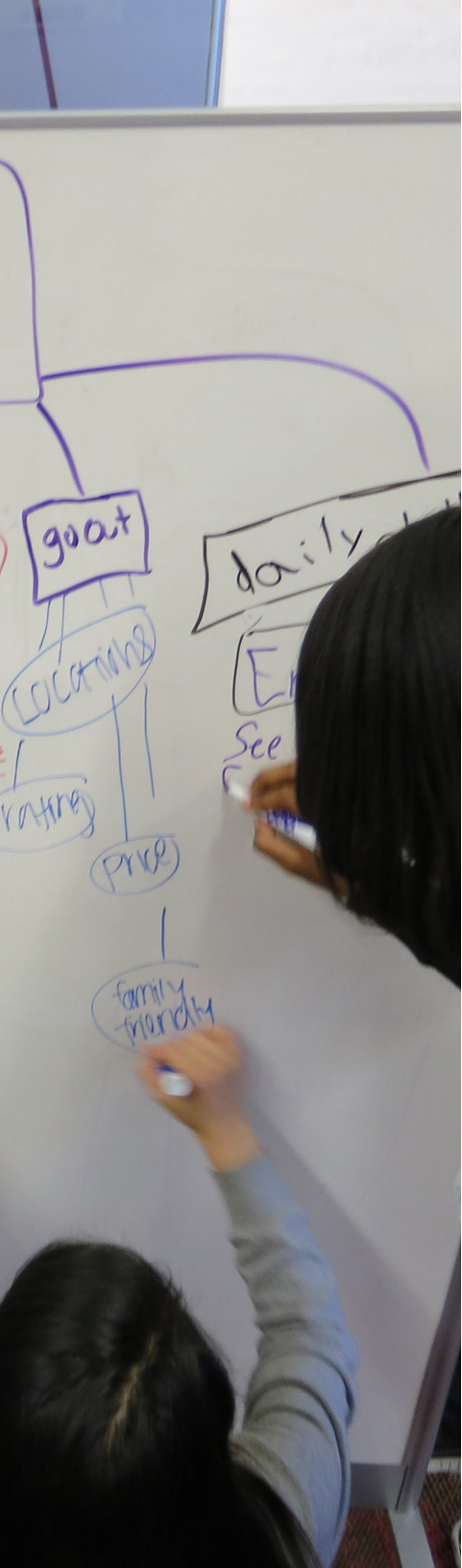
In this way, the model remains flexible to where the organization is in its growth. When a company adopts the 1-1-1 model, a member of the Salesforce Foundation contacts the organization directly. The Salesforce Foundation provides guidance, resources and support to those that have adopted the model in order to explain how the model may be implemented and to make connections with other companies that have successfully implemented the model.

To date, nearly 200 companies have committed to all or a part of the 1-1-1 model.

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*For more information on the early days and growth of the Salesforce Foundation, we encourage you to read “Growth Force,” the Spring 2014 article by Greg Beato on Salesforce Foundation’s inception and growth in the Stanford Social Innovation Review, [www.ssireview.org/articles/entry/growth\\_force](http://www.ssireview.org/articles/entry/growth_force).*





## THE RESULTS

As a result of the 1-1-1 model, Salesforce Foundation has engaged more than 840,000 hours of volunteer service from its employees, has provided donations and discounts resulting in over 24,000 nonprofit organizations using its technology and has given over \$80M in grant funding since its founding.

### 1-1-1 BECOMES A FORCE MULTIPLIER FOR ITS BENEFICIARIES

Nonprofit organizations are realizing significant benefit from the Salesforce model.

Year Up is a national organization with a mission to close the opportunity divide by providing urban young adults with the skills, experience and support that will empower them to reach their potential through professional careers and higher education. The organization has benefited from all three elements of the 1-1-1 model.

AS EXECUTIVE DIRECTOR  
JAY BANFIELD POINTS OUT,

“The 1-1-1 model combines time, product and financial resources to have a multiplier effect with organizations.”

Through the creation of internship opportunities for Year Up students, Salesforce employees give time mentoring Year Up students, de-mystifying corporate life while building skills that will break down barriers to college

and employment success. Company employees serve on the board of Year Up and provide mentorship to the organization’s leaders. In addition to employees’ time, the Salesforce Foundation has donated software licenses enabling Year Up to build on the Salesforce1 Platform and equipping them to capture and store critical data on students and impact.

Finally, the Salesforce Foundation has also provided significant funding to Year Up. The first check written to Year Up in San Francisco was from the Salesforce Foundation in the amount of \$25,000. Recently the Foundation invested \$2.5M to enable Year Up to pursue a place-based strategy and scale its efforts in San Francisco’s most underserved communities. The place-based strategy was an idea that Year Up’s leaders brought to the Salesforce Foundation to discuss. As Banfield remembers,

“The Foundation trusted our big idea and supported it. We are now in the implementation phase of the work and have utilized the funding to expand our capacity by 50 percent in San Francisco.”

Playworks, an organization dedicated to using active play to support the social, emotional and cognitive development of kids, is another organization benefitting from the 1-1-1 model. Salesforce has engaged its employees to serve as volunteers for Playworks projects, including a recent volunteer day where the Foundation sent 40 of its employees to work on a Playworks project

building bicycles for kids in the community. Ellen Goodman, Executive Director of Playworks describes its relationship with Salesforce as multi-faceted:

**“There is employee engagement, there is financial support and there is product sustainability. And with the product sustainability, it goes beyond just managing a database. There are marketing opportunities and brand awareness opportunities and there are tools inside of that product that can help us achieve our fundraising goals. It is what every nonprofit would look for in a company relationship.”**

### **1-1-1 CONTINUES TO INSPIRE COMPANIES TO TAKE ACTION**

Appirio, an IT cloud-focused consulting firm headquartered in San Francisco, is one of nearly 200 leading companies—including Google, Workday and Yelp—that have adopted the 1-1-1 model to take a more integrated approach to its philanthropy. Appirio launched eight years ago with a team of just four people and has rapidly grown into a global company with over 1,200 employees across five countries. The organization first became aware of the Salesforce Foundation’s 1-1-1 philanthropic model through an early corporate partnership between Appirio and Salesforce. Like Salesforce, Appirio’s senior leaders wanted to

make philanthropy a core tenet within their organization from the start. Two years after Appirio launched, they brought together their senior leadership team to talk about how to better integrate community engagement and corporate social responsibility into their work. As Jennifer Taylor, Appirio’s Senior Vice President of Human Resources, describes, “Many of our leaders and employees were already engaged in their communities. Many were serving on nonprofit boards. We felt like [community engagement] was a natural aspect of our DNA, but we had not recognized it formally internally.” Appirio looked to its partner, Salesforce, for advice on how to better integrate philanthropy into the company.

Salesforce’s 1-1-1 model ultimately inspired the creation and launch of Appirio’s Silver Lining Program, the company’s first organized approach to philanthropy. Appirio created the program to mobilize the company’s employees in making a measurable impact on the communities where they live and work by giving them eight hours of paid community service time annually. The Salesforce Foundation provided guidance and advice as Appirio conceptualized the Silver Lining program. Taylor notes, “Salesforce Foundation is constantly there when we call and ask for advice on how to ensure employees use their volunteer time. They have been a great coach and mentor.” It is the flexibility in the 1-1-1 model that Taylor found most valuable in designing the Silver Lining Program.

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**The 1-1-1 model provided a conceptual approach, without requiring strict adoption of all components of the model at once.**

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Appirio is currently able to provide its employees with eight hours of volunteer time annually, but not yet able to financially support giving 1 percent of their time annually. Similarly, Appirio is a private company, and therefore does not have equity to give. The 1-1-1 model provides a vision for what Appirio's Silver Lining program may scale to over time, such as lengthening the number of paid volunteer hours given to employees, or gifting stock should it become public. As Taylor notes,

**“This was a model that we can grow into. It has enabled us to crawl before we walk.”**

Through the 1-1-1 model inspired program, employees have given nearly 20,000 hours to over 400 nonprofits globally. Additionally more than \$400,000 in grants of professional services have been made. The Silver Lining Program has helped to connect Appirio's global offices as well. Taylor reflects, “We have been able to use the program to make sure our offices in Ireland, England, Japan and India feel part of Appirio.” The program has been key to company recruitment. Taylor reflects, “We find in our recruitment that the next generation of workers are wildly interested in the program. At universities, both domestically and internationally, college students are demanding that their employers have corporate social responsibility as a core tenet within the company.”

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## **The 1-1-1 model is only the first step of influence that Salesforce Foundation has had on Appirio's philanthropic efforts.**

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In the next 12 to 18 months the company will begin evaluating the potential for creating its own corporate foundation, similar to the Salesforce Foundation.

### TAYLOR NOTES,

**“We know that Salesforce Foundation will be a resource to us to help us start our foundation right.”**

In summary, by letting urgency conquer fear to launch a corporate foundation within a year of its founding, Salesforce and the Salesforce Foundation have inspired a new approach to corporate philanthropy. Through its own experimental approach of giving 1 percent of their product, time and equity, Salesforce has not only validated the 1-1-1 model, but it has provided significant and diverse resources to support the nonprofit sector. Through Share the Model, the Foundation is inspiring companies to leverage all components of the 1-1-1 model in a way that has the power to increase corporate contribution to philanthropy.


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## Guiding Discussion Questions

**For Funders:** In what ways have you challenged your own operating assumptions around what it takes to reach your intended impact?

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**For Funders:** What would it take to make the transition towards an integrated approach to philanthropy? Is this something that your grantees might benefit from?

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**For Funders:** In what ways might you play a role in inspiring companies to think differently about philanthropy?

 \_\_\_\_\_

**For Nonprofits:** How might a wider range of support from your funders beyond grant dollars be beneficial? Do you have any funders that you could discuss new forms of support with, such as the possibility of volunteer support from employees?

 \_\_\_\_\_

**For Nonprofits:** How might you more proactively inspire and engage the corporate sector to support your efforts?

 \_\_\_\_\_

## Created in partnership with Community Wealth Partners

### Special thanks to:

**Suzanne DiBianca**  
Salesforce Foundation—President  
**Jay Banfield**

Year Up—Executive Director, San Francisco Bay Area

**Jennifer Taylor**  
Apprio—Head of People & Leadership  
**Ellen Goodman**

Playworks—Executive Director (former)

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**BE FEARLESS**



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# SANERGY

A BE FEARLESS CASE STUDY

## PRINCIPLES IN ACTION

### MAKE BIG BETS AND MAKE HISTORY:

Set audacious, not incremental, goals.

### EXPERIMENT EARLY AND OFTEN:

Don't be afraid to go first.

### REACH BEYOND YOUR BUBBLE:

It's comfortable to go it alone. But innovation happens at intersections.

By seeing opportunity where others saw waste, Sanergy found a way to generate value from each part of the sanitation system and made a big bet that it could develop a new model for addressing a global health challenge and in doing so, transform the lives of millions of people in Africa's slums.

## SYNOPSIS/SUMMARY

In 2009, a team of MIT Sloan business students accepted a challenge to solve a problem affecting billions of people—the sanitation crisis in the developing world. By considering every step of the value chain, from providing toilets to safe removal of waste, the team created an integrated and self-sustaining system to provide access to safe, hygienic sanitation in the slums of Nairobi, Kenya. Sanergy's unique model has garnered both local buy-in and worldwide recognition.

The following case study details Sanergy's innovative approach to addressing the sanitation crisis and its big bet that, with enough time and focus, it could give every individual in its service area access to clean, safe sanitation solutions. In doing so, Sanergy offers a new approach for scaling—aim first for density by fully solving a deep-seated problem in one area and draw on the lessons from that experience to then explore scaling more broadly.



## THE BACKGROUND

In August of 2009, two undergraduate classmates from Yale University, David Auerbach and Lindsay Stradley, were excited to reconnect at the new student orientation for the MIT Sloan MBA program. There, the two met and immediately hit it off with Ani Vallabhaneni. The three came from different backgrounds but were motivated to utilize business tools to tackle critical social challenges. Auerbach had taught English in rural China, Stradley was teaching in New Orleans when Hurricane Katrina hit and then helped to reopen a charter school and Vallabhaneni used a computer engineering background to improve health outcomes for low-income patients in the Philippines.

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**The group confirmed through research that 4.1 billion people worldwide lack access to hygienic sanitation and that inadequate sanitation is the second largest cause of disease in the world.**

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In their first semester, all three took a Development Ventures course and were presented with the Poverty Challenge. The Challenge asks teams to solve a problem that affects no fewer than one billion people. With their developing friendship and aligned mindsets, the three naturally came together to form a team. As they discussed which social challenge to tackle and reflected on their experiences, one particular theme kept emerging. Whether in rural China, hurricane-stricken New Orleans or a low-income neighborhood in the Philippines, Auerbach, Stradley and Vallabhaneni had all witnessed how challenging and dangerous life could be without a good sanitation system.

The group confirmed through research that 4.1 billion people worldwide lack access to hygienic sanitation and that

inadequate sanitation is the second largest cause of disease in the world. Poor sanitation has individual, economic and environmental consequences: diarrheal disease kills nearly 760,000 children each year, developing countries lose approximately two percent of GDP each year due to lost worker productivity from sanitation-related diseases, and pit latrines are regularly emptied into waterways or fields, severely damaging the surrounding ecology.

Despite the large-scale nature of this problem, the group knew it could be solved, as many parts of the world have adequate or excellent sanitation infrastructure.

## THE “AHA MOMENT”

In many developing countries, the handful of formal systems in place for human waste treatment require residents to walk a distance to dispose of the waste and the process for treating the waste is often ineffective and unsanitary. This inefficient system often forces residents to rely on unsanitary options such as “flying toilets” (defecating into plastic bags that are tossed onto the street) and pit latrines.

Auerbach, Stradley and Vallabhaneni ultimately found a successful model of sanitation in their own backyard—not the United States’ underground sewage system (infeasible for densely built-up urban slums) but its solid waste treatment and collection system; garbage collection, in other words. With this model, each household has its own trash container, the container is placed outside on a specified schedule, a network of trucks collect the waste, and then the waste is carried to a central location to be safely treated. The three classmates realized this “decentralized capture, centralized treatment” model would be a bold but workable solution to the sanitation crisis in the developing world.

Implementing any new sanitation system requires a large investment of capital, which prompted the group to wonder whether there was a solution that might generate income

as well as solve the health and quality-of-life problems associated with sanitation in developing countries. Stradley explained, “There is potentially high value here. Especially in a world with depleting resources, we had to flip this issue on its head so that waste could become a source of revenue.”

## THE BE FEARLESS RESPONSE

### FLIPPING THE SANITATION CRISIS ON ITS HEAD

Through many late-night meetings and conversations, the three started to pull together the pieces of a holistic sanitation model. As Auerbach describes, “If we could get community investment by residents and fully incentivize them to offer access to clean toilets, help us generate demand, and ensure waste collection—and if we could demonstrate that there was value from waste down the road—there was huge potential to scale and reach millions, even a billion, people.”

Put simply, Auerbach, Stradley and Vallabhaneni saw human waste as a potentially profitable asset. When treated properly, this waste could be a source of organic fertiliz-

er, protein feeds for livestock and renewable energy, all of which were in high demand in many developing countries. Locally produced organic fertilizer would be significantly cheaper than, and a great complement to, the synthetic version, which is often imported at high costs that are passed on to farmers. Farmers were dissatisfied with the current selection of animal feeds available, and they were looking for alternatives. Similarly, many developing countries faced energy shortages and were seeking consistent supplies of energy. All of these valuable waste by-products created a potential market opportunity for Sanergy.

What emerged was the Sanergy model, which reached beyond the immediate waste-capture need to leverage the sanitation value chain to benefit communities in which the facilities were placed. The first step was to design and manufacture high-quality, low-cost sanitation facilities that could be placed in public areas. Next, individual residents would purchase and operate the facilities—charging members of the community a small fee for their use, becoming franchise partners. These local entrepreneurs, who would become known as Fresh Life Operators, would play a critical role in generating local demand. Sanergy would then collect waste on a regular basis and bring it to treatment centers to convert the



## THE SANERGY MODEL





waste into organic fertilizer. The profits from the fertilizer sales would help sustain the whole system.

### REACHING BEYOND TYPICAL FUNDING MODELS

In considering how to fund this solution, Auerbach, Stradley and Vallabhaneni had to look outside typical models. There was a definite capital market and a path to building a sustainable business for the infrastructure-heavy aspects of the value chain, such as trucks for waste removal and buildings for treatment centers. However, that same market was unlikely to fund the R&D and deep community engagement necessary for designing the toilets and encouraging adoption. Those elements seemed more suited to a philanthropic model, but that philanthropic model was, by the same token, unsuited to supporting the heavy infrastructure necessary for waste transport and treatment.

As a result, Auerbach, Stradley and Vallabhaneni decided to establish Sanergy as a hybrid for-profit/nonprofit model. In thinking beyond the usual models, the team had built a financial model to back up their sanitation solution—each part of the value chain would be considered independently and addressed based on its unique features, while, at the same time, considering it as part of a larger whole.

### GETTING BUY-IN AND BUYERS

At the conclusion of the Development Ventures course, the three had developed a robust business model and were keen to see if it would work in practice. With support from MIT, the three traveled to Nairobi to gather data and refine their idea. They selected Nairobi as a potential pilot location for three key reasons. First, early research showed that people in Nairobi were willing to pay to use public toilet facilities, unlike in other developing countries. Second, Nairobi had an established startup community and strong entrepreneurial spirit. And third, there was a particularly high demand for organic fertilizer in Kenya.

Interviews from that initial trip gave Auerbach, Stradley

and Vallabhaneni the confidence that their idea was viable, so during summer break that year the team went back to Nairobi for further testing. The team knew that in order to produce a truly successful innovation they would have to embrace an experimental and “fail fast” culture. From the beginning, they understood that their idea would have to go through many iterations to get it right. The team worked with engineers to develop prototype toilets to test in two Nairobi slums, Mukuru and Kibera.

Though people were very interested in the prototype, residents were also apprehensive of yet another proposed solution that was supported by outsiders. Mukuru and Kibera were swamped with development projects, many of which quickly went defunct. What would prevent Sanergy from just becoming another one of those? It was essential for the Sanergy team to get buy-in from the community, so they sought to build partnerships with established community organizations that could help them introduce their idea, get to know the residents, solicit feedback on the design and test out their assumptions regarding residents’ needs and motivations. Ultimately, the team found the most receptive community partners in Mukuru and began to introduce and test their concept there. This process of community engagement helped ease residents’ initial hesitation and also provided Sanergy with valuable feedback. For example, the floor of the initial prototype was only partially covered in ceramic tile; now, based on resident feedback, the floor is completely covered, which customers associate with hygiene and a sense of permanence.

After that first summer, Sanergy had developed a well-functioning prototype and started to generate demand from the community. To make Sanergy a reality though, the team would need to acquire significant start-up capital. As Auerbach, Stradley and Vallabhaneni returned to Boston to finish their MBA degrees, they decided to devote the next year to generating the necessary investment. They committed to one another that if they could raise \$400,000 in one year, they would move to Nairobi to try to make Sanergy a reality.

Throughout that next year they won a number of business

competitions, including Echoing Green’s Social Enterprise Fellowship and the MIT 100K Business Plan Award, building their credibility and start-up capital. Once they graduated, bolstered by financial support, the confidence that their service was wanted and needed, as well as the support of one another, the three leaders moved to Nairobi to fully launch Sanergy.

### STARTING WITH FAILURE, ENDING WITH CRITICAL MASS

With the model and toilets established, the next step was to build a user base so the team set out to have dozens of conversations with slum residents. People seemed genuinely excited by the potential services, and many people expressed interest in becoming a toilet franchisee. Sanergy decided to host an open house demo day where they would officially sign up their first franchise partners. Based on their initial outreach, the team expected 20-50 to attend...but nobody showed up.

The unexpected turn was discouraging, but the three of them quickly began strategizing how to move forward. As Auerbach remembers, “We collectively knew that what we were trying to solve was incredibly complex. If it was

AS AUERBACH NOTES,

“We collectively knew that what we were trying to solve was incredibly complex. If it was easy, someone else would have already solved it.”

easy, someone else would have already solved it.” After further analysis and drawing on the knowledge and experience of others in the Nairobi startup community, the team realized that their sales process would have to be more individualized and hands-on. They hired a local sales team who could better connect with the residents and could invest the time in a lengthy sales process.

The team worked to further build the user base by shaping the Sanergy brand and engaging people in a positive way around the sanitation issue. People were already familiar with the consequences of poor sanitation, so selling them on the idea that quality toilets led to reduced incidences of diarrhea was not enough to motivate a purchase by someone with limited resources. Rather, they found that focusing their marketing on a hopeful and happy life was much more compelling. What emerged was the “Fresh Life” brand, with a positive focus on a brighter future. The team produced Fresh Life hip-hop songs that were played on the radio, and they also partnered with local “edutainment” groups that hosted fun and exciting block parties to promote the use of Fresh Life Toilets.

Parallel to their branding efforts, the team worked out how to operationally support their franchisees, the Fresh Life Operators. Sanergy began providing training, access to financing, and ongoing operational and marketing support to the operators, who would then generate their own profits and be incentivized to maintain the quality of the facilities.

As the public facilities took off and started to spread around Mukuru, demand was increasing. People wanted access to Fresh Life Toilets not only in commercial centers, but in residential areas and community institutions like schools, as well. Staying true to its value of listening to community feedback and customizing its products, and recognizing an opportunity to expand its coverage, Sanergy created new programs to expand into residential plots and community institutions.





## MAKING BIG BETS: AIMING FOR 100 PERCENT COVERAGE

The team had determined at the outset that to truly have a lasting impact, they had to make the big bet of aiming for 100 percent coverage in their market. In other words, provide 100 percent of Nairobi slum residents with total hygienic sanitation—clean toilets, regular waste collection and the effective treatment of waste. The team decided to go “deep” into these communities before expanding elsewhere because it offered them an opportunity to truly solve a problem, rather than implementing only a partial solution. This hyper-focus allowed for greater opportunity and potential for:

1. Health impacts. If only a few individuals or a small fraction of the community engaged in quality sanitation behaviors, the spread of disease would continue. The team wanted to reach a tipping point where there are enough individuals participating to result in wide-reaching health benefits, which requires garnering community-wide buy-in.
2. Refinement of the model and innovation. The team is constantly learning from their experiences and making changes to improve their impact. As Stradley noted, “Along the way, we didn’t know what we didn’t know, so we now understand there is always more to learn...the more we spread geographically, the harder it is to really get it right and be able to continually tweak things.”
3. Deep and lasting relationships with the community. These relationships are essential for the buy-in that will ensure the longevity of the Sanergy model, as well as for providing the feedback that helps refine the model.
4. Operational scalability. The denser the network grows, the better the model works, and the more affordable it all becomes.

As Sanergy’s reputation and successes grew, the organization attracted a number of potential funders who wanted

Sanergy to scale their program to other developing countries around the world. Though it was tempting to accept extra funding and expand globally, the leadership team and the organization’s Board of Directors knew they had to commit to a more singular focus. As Stradley described, “Doing this type of work and making incremental impact on sanitation isn’t really worth it. Go big or go home – this doesn’t mean you have to go big geographically, but go big in terms of impact.”

For the Sanergy team, “going big in terms of impact” means getting to 100 percent coverage in Nairobi slums. With the Mukuru operation running smoothly and successfully, the Sanergy team began looking at other nearby slums with similar needs. After a thorough survey process, Mathare

**“Doing this type of work and making incremental impact on sanitation isn’t really worth it. Go big or go home – this doesn’t mean you have to go big geographically, but go big in terms of impact.”**

emerged as an area where the need for hygienic sanitation was largely unmet and where there were interested community and government partners, so Sanergy began operations there in March 2015. Sanergy is now focused on getting to 100 percent coverage in Mukuru and Mathare. When they do this, they will have genuinely solved a critical problem for the more than one million people living in those areas. They will then be able to take a proven model, along with the lessons they have learned along the way, to other areas around the world affected by the sanitation crisis.



## THE RESULTS

Sanergy has become widely popular in Mukuru and now Mathare. Each Fresh Life Toilet provides customers with a dignified, hygienic and enjoyable experience, and Fresh Life Operators are successfully running their own businesses. Sanergy has continued to refine the toilet design based on resident feedback, most recently redesigning the squat plate to be more comfortable for female users and installing hooks and mirrors for customers to use. Since Sanergy started operating, more than 7,878 metric tons of waste have been safely removed from the community and treated in accordance with World Health Organization industry and Kenyan government standards. Overall, Sanergy has created more than 750 jobs. More than 60 percent of its team members live in the communities served by Sanergy, an area with an approximately 40 percent unemployment rate.

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**Since Sanergy started operating, more than 7,878 metric tons of waste have been safely removed from the community and treated in accordance with World Health Organization industry and Kenyan government standards.**

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As the organization strives to reach its 100 percent coverage goal, by early 2015, Sanergy had installed more than 750 Fresh Life Toilets with 33,000 daily uses in Mukuru and Mathare. This represents an increase from zero to five percent coverage in those areas. Furthermore, 40 percent of people living within a 25-meter radius of each toilet utilize the services, indicating that adding more toilets will further increase the coverage rate. The team is now simultaneously focusing on how to scale in the region as well as how to increase utilization by the other 60 percent of the population in the vicinity of each toilet. In addition to these measures of Sanergy's success, the organization is currently piloting ways to measure indicators of improved

health and behavior change as a result of access to Fresh Life Toilets.

In recognition of their accomplishments, Sanergy has been presented with more than two dozen distinct awards from around the world, including the Genesis Generation Challenge Prize, the FT/IFC Transformational Business Award (Award in Urban Transformation), Nestle Creating Shared Value Prize, Swedish International Development Cooperation Agency (SIDA) Innovator of the Year and the Africa Leadership Network Award.

Ultimately, Sanergy has improved the lives of residents in Nairobi. Fresh Life Operator Jackson Kioko used to own a store in Mukuru where he experienced flying toilets firsthand. Every morning, his store would be surrounded by bags containing feces, the stench and flies driving away his customers. Today, the presence of Fresh Life Toilets has put this to an end. Jackson explains, "I have had a great experience working with the team at Sanergy and learned a lot as well. The most important lesson has been that a toilet facility can be such a life-changing amenity within any community." Kioko's wife, Mary, added that, due to running the Fresh Life Toilets, "We are able to ensure that our three children and our parents back in the village are well provided for."


Sanergy's model has also empowered women and girls in the slums of Nairobi. Around 34 percent of Fresh Life Operators are women, who have used the toilets and their profits to improve their families and communities. Before becoming a Fresh Life Operator, Agnes Kwamboka made and sold an illicit brew in Mukuru. Most of the money she made went to paying bribes to law enforcement, leaving her family impoverished and leading her children to steal in order to get by. Becoming a Fresh Life Operator has helped turn Kwamboka's life around. Previously illiterate, Kwamboka was inspired to learn to read and write in order to keep accurate Fresh Life records and run her business well. "I am happy – my life has changed," she reports. "I keep all my profits, I'm able to provide for my family, and I'm paying off my debts. I have inner peace."






## Guiding Discussion Questions


In what ways does your organization create prototypes or experiments to help shape future programs?

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How does your organization solicit community feedback and ensure that the feedback is being incorporated?

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\_\_\_\_\_


Who or what is included in your organization's value chain? How might your organization rethink how the value chain interacts to maximize value and impact?

 \_\_\_\_\_  
\_\_\_\_\_

How does your organization think about expanding your impact? What might it look like for you to aim for "100 percent coverage?"

 \_\_\_\_\_  
\_\_\_\_\_

**For nonprofits:** Are you currently leveraging any "unlikely" sources of funding, and what opportunities might exist to do so more intentionally?

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\_\_\_\_\_

**For funders:** What opportunities might pair your philanthropic dollars with market capital in order for your grantees to have greater impact?

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\_\_\_\_\_

Created in partnership  
with **Community Wealth  
Partners**

**Special thanks to:**

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Sanergy Co-Founder

**Lindsay Stradley,**  
Sanergy Co-Founder

**for their contributions to this  
case study.**

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# SHARE OUR STRENGTH

A BE FEARLESS CASE STUDY

## PRINCIPLES IN ACTION

### LET URGENCY CONQUER FEAR:

Don't overthink and overanalyze. Do.

### MAKE BIG BETS AND MAKE HISTORY:

Set audacious, not incremental, goals.

### REACH BEYOND YOUR BUBBLE:

It's comfortable to go it alone. But innovation happens at intersections.

A sense of urgency compels the senior leadership team at Share Our Strength to make big bets aimed at ending childhood hunger in America.

## SYNOPSIS/SUMMARY

Share Our Strength has been on the front lines of the war against poverty and hunger in the United States since 1984. Although it was clear that the organization's efforts were making a difference, Share Our Strength felt a sense of urgency around truly moving the needle on these issues. This prompted its leaders to make a big bet to meet the goal that mattered most: large-scale, transformational change that would end childhood hunger in America.

The following case study details how Share Our Strength created a new bold goal for the organization and how setting this goal required them to experiment with new strategies. Launching the No Kid Hungry campaign fundamentally changed how the organization engaged unlikely partners in its work to dramatically increase both resources and impact.



## THE BACKGROUND

Share Our Strength has been fighting poverty and hunger since its founding in 1984. In its first 25 years, the organization operated primarily as a fundraiser and grantmaker, investing in local, national and international nonprofits fighting hunger and poverty. Share Our Strength raised funds by forming creative partnerships with the culinary industry to host its innovative Taste of the Nation events, as well as forming successful cause marketing relationships with companies like American Express to raise awareness and dollars. Between 1984 and 2009, Share Our Strength had successfully raised more than \$300 million for hunger and poverty organizations, mostly within the U.S.

This work drew attention to the issues of hunger and poverty and dramatically strengthened the emergency food relief system in the United States. While these efforts were making a clear difference in elevating hunger as a charitable cause, Share Our Strength was slowly realizing that playing the role of a “mutual fund for

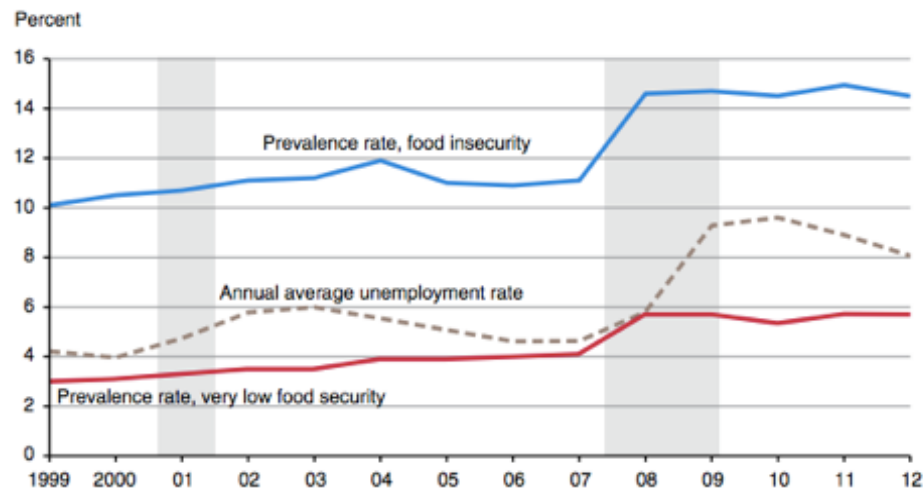
anti-hunger organizations” was not adding up to the type of large-scale transformational change that they really wanted to see. And in the midst of successfully raising more philanthropic dollars for hunger than ever before, the Great Recession hit, making more families food insecure than a decade before. Unemployment rates and food prices rose, exacerbating the problem. To make matters worse, research indicated that many people did not recognize hunger as a problem in the country, while others viewed it as a problem that was too big to overcome.

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**Share Our Strength began to question whether their efforts were actually ending hunger. They needed clearer goals. They needed to think much bigger. They needed to change their strategy.**

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**Prevalence of food insecurity, very low food security, and the national unemployment rate, 1999-2012**



Note: Shaded areas indicate recessions. Source: Calculated by USDA, Economic Research Service using food security data from the Current Population Survey Food Security Supplement and unemployment statistics from the Bureau of Labor Statistics.

## THE “AHA MOMENT”

In 2008, the senior leadership team at Share Our Strength assembled in a room to talk about the future of the organization. For the most part, all was going well; the organization’s key stakeholders and donors were pleased with the path the organization was on. Share Our Strength was generating income from new sources that they were effectively granting to their partners, they had formed partnerships with some of the leading chefs in the culinary industry, and press coverage on the organization was positive and plentiful.

Despite these successes, the air in the room was not one of celebration. Instead, there was a shared sense of urgency and discomfort. Unlike many other nonprofits, the pressure to do more, to really move the needle on hunger in the United States, was not coming from external stakeholders. The pressure was coming from within, from the organization’s top leaders, who felt like their hunger relief efforts, while important, were not adding up to the systemic changes that could eventually end hunger for good in the United States. Those in the room believed that the organization had reached a plateau; the only way to increase their impact was to dramatically change how they were approaching the problem.

For a period of six months, the senior leaders assessed the situation at hand. It became clear that the role that they historically had played was not enough to create transformational solutions for childhood hunger. The conversations resulted in a key revelation: the organization needed a new approach. They needed to put a stake in the ground to define the impact they desired. They needed to develop a more compelling narrative that would appeal to a wider audience and focus public attention. Most importantly, they needed a new set of strategies that built on their incredible assets but attacked the root of the problem in new ways.

## THE *BE FEARLESS* RESPONSE

### EMBRACING URGENCY AND MAKING A BIG BET

For Share Our Strength’s leadership, putting a stake in the ground meant setting a bold goal that extended beyond what the organization could accomplish alone. As a result, Share Our Strength set a goal to end childhood hunger in the United States, not just reduce it. The goal represented a new way of thinking that was not without risk; setting such an ambitious goal would inevitably garner skepticism and would require them to engage deeply with a new set of stakeholders—largely policy makers and government leaders who wield power over federal and state nutrition programs. Luckily for Share Our Strength, the goal was well timed in that regard. The newly elected Obama Administration made a commitment to end childhood hunger in the United States during its 2008 campaign, adding a new and exciting voice to the cause.

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**Setting a bold goal to end childhood hunger in America was a critical first step in giving the entire organization, as well as their network of partners and supporters, powerful new energy and focus.**

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Share Our Strength continued its role as grantor, but combined this role with a brand-new identity as program leader, able to bring investments, strategy and dedication to ending childhood hunger in America.

During their six-month period of reflection, Share Our Strength’s leadership came to an important realization: to grow this new identity, they needed a new brand for their work. They needed a simple, compelling narrative that a wide audience could understand and quickly get behind. With the support of its board, Share Our Strength took a second big risk, investing in a complete re-branding





effort, which culminated in the creation of a bold new campaign whose name was a declaration that couldn't be misinterpreted: No Kid Hungry. The No Kid Hungry (NKH) campaign became the new strategic focus of Share Our Strength: to ensure that every kid in America gets the three meals per day they need to thrive.

### **MAKING A BIG BET MEANT MAKING SOME BIG CHANGES**

The newly-formed NKH campaign centered on three key strategies: move the needle, raise the funds and build momentum. With the launch of the campaign, Share Our Strength positioned itself as more than a grantmaker; they were now a programmatic leader and the national voice behind a coordinated effort to end childhood hunger. To move the needle, NKH works with partners to connect kids to the healthy food they need through programs like school breakfast and summer meals, while empowering low-income families to provide healthy meals on a tight budget through initiatives like its Cooking Matters program. Through its simple and compelling story, the NKH campaign provided a fundraising platform that allowed Share Our Strength to garner support from a wide array of audiences. They brought together key partners like Food Network, the Arby's Foundation and Wal-Mart, who shared a vision of ending childhood hunger. Through new fundraising initiatives like Dine Out for No Kid Hungry, restaurant goers around the country can now easily contribute in small ways by choosing to patronize restaurants that support the NKH campaign.

AS DIRECTOR OF DEVELOPMENT  
CHUCK SCOFIELD NOTES,

**“Here was a simple campaign that everyone could understand and get behind.”**

No Kid Hungry also focused on building national awareness about childhood hunger and its solution, inspiring people around the nation while showing them that ending childhood hunger is possible in their communities and a priority for the nation. The real power behind the NKH campaign lay in how the campaign's three strategies intersect to create a “consumer-facing” approach to social change: allowing a wide range of audiences, from policy makers and corporations to hunger solution providers and every-day people, to see the role they can play in ending childhood hunger.

### **BIG CHANGE #1: SET A GOAL THAT IS BIG ENOUGH TO MATTER, BUT SMALL ENOUGH TO WIN**

Share Our Strength quickly learned, however, that setting a bold goal required a delicate balance of boldness and believability. As Founder and CEO Bill Shore notes,

**“When you choose a bold goal, you need to pick one that is personally motivating to you and your colleagues, because you will need to sustain this over the long run. You need to be driving toward something that is going to excite and motivate you today, tomorrow, next week, and next year. While you want to select a bold goal that will motivate and inspire, you also want to set one that you believe, in time, can be achieved. For a bold goal like ending childhood hunger, this meant demonstrating the small wins along the way that were important to keeping the team excited and engaged.”**

## BIG CHANGE #2: PROVE THE CONCEPT WITH METRICS FIRST AND THEN SCALE

While Share Our Strength recognized that new strategies were needed to end childhood hunger in America, actually implementing the strategies required the organization to take on a host of new roles in which it had little experience. It had to become a capacity builder, program strategist, policy advocate and communicator, in addition to playing its traditional roles as fundraiser and grantmaker. Perhaps the most notable shift came from the recognition that to run a successful campaign, they needed to adopt the right mentality led by seasoned political strategists. The organization did not, however, have this expertise in-house.

In 2009, Share Our Strength hired Josh Wachs, a veteran political campaign strategist, as its Chief Strategy Officer. Early on in his tenure, Wachs emphasized the need to prove the NKH approach before it could be scaled nationally. He advocated using a tried and true campaign strategy that involved taking measured, tactical risks: focusing on winning small scale, critical territories and establishing credibility for the model there before expanding. As Wachs explains, “When we looked at presidential elections, we saw how critical the state of Iowa was in the outcome. Winning Iowa in 2008, for example, was crucial for giving President Obama the credibility he needed to galvanize political and fundraising support, while the same held true for Ronald Reagan in 1980 in New Hampshire.

“The same idea holds true for our work. We needed to put a vast majority of our resources in operating the campaign within a few ‘proof of concept’ states.

By proving that childhood hunger could be eliminated in two proof of concept states (Arkansas and Maryland) and simultaneously laying the groundwork by making considerable progress in 18 additional strategic states, the organization would be able to test its methods, hone its approaches, discard what didn’t work and establish credibility in its model. These wins could then support a future national scaling of the NKH campaign. This campaign mentality solidified the proof of concept approach that Share Our Strength would take in implementing the NKH campaign.

To keep its staff and board members abreast of its wins and challenges, Share Our Strength developed an organization-wide dashboard that captures key metrics for measuring progress towards success. This dashboard helps to track all aspects of its work—from fundraising to progress against key milestones in proof of concept states—and enables the entire organization (all staff are provided access) to celebrate successes and learn from failures along the way. As such, the tool has helped the organization to communicate the early wins of the NKH Campaign and course correct where necessary. For example, the dashboard helps Share Our Strength track metrics associated with access to increasing participation in school breakfast in Arkansas and Maryland—an important metric for ending childhood hunger in each state. While it will take time for the organization to be able to say that the majority of eligible low-income kids who need a free school breakfast have access to one, they can track progress in each state on a quarterly basis.

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**The ability to track short-term gains has allowed the organization to test new approaches and quickly recognize when something is not working—a critical step in validating their approach to tackling such an ambitious goal.**

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Most importantly, focusing on significant but achievable “proof of concept” states and tracking progress closely through a dashboard has helped the leadership team to make decisions that prevent “scope-creep” within the organization.

#### AS SHORE NOTES,

**“Most [strategic] questions answer themselves because they either lend themselves to advancing progress [against the dashboard] or they do not.”**

The organization’s commitment to measuring its progress is further seen through their hiring of a Director of Measurement and Planning. In this position, they have created the capacity internally to use data in a more rigorous way and to more seriously measure and track outcomes. Share Our Strength treats the dashboard as an accountability tool internally, but also as a learning tool for its proof of concept approach. Throughout the year each key metric is measured and coded green, red or yellow to indicate their success in advancing each. In this way, the dashboard serves as a constant reminder of their priorities, but also a trigger to help them to see where they need to improve or change their approach.

#### **BIG CHANGE #3: CONCENTRATE RESOURCES AND CROSS-COLLABORATE FOR IMPACT**

While its new proof of concept strategy allowed Share Our Strength to experiment with new solutions and focus its resources, it also created some interesting challenges for fundraising. While the organization has always had a level of flexibility from a diverse pool of funding, including earned income and unrestricted

dollars, channeling financial and human resources towards eliminating childhood hunger in two the proof of concept states (while continuing to make progress in 18 other states) required a dramatic change in how Share Our Strength distributed the funds it raised.

Historically, funds were invested in the communities where they were raised. With a campaign based approach, those funds needed to be channeled into the proof of concept territories. Funneling resources to a smaller number of more targeted locations meant reinvesting funds raised in one community for use in another community. As a result, Share Our Strength faced a daunting challenge: convincing its stakeholders and partners in those communities that would no longer be benefiting from funding that this was the right strategy.

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#### **They focused on articulating critical victories for kids, communicating measurable returns on investments to stakeholders and tracking how each of these victories acted as a catalyst to new successes.**

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Working with the most effective local partners in states around the country, NKH was able to turn the hard-won knowledge about what worked best to spur new investment and turn experience into tools that others could use in their own communities.

In addition to refocusing funds toward campaign states, and in order keep its laser focus on the NKH campaign, the organization also needed to think in a more integrated way, better connecting its implementation partners in the field with its internal communication, funding and advocacy strategies.

To do this, the organization created cross-departmental teams, with programmatic staff engaging regularly with strategic planning, communications and development staff. The organization's strategic planning and budgeting processes were completed collaboratively.

## AS SCOFIELD NOTES,

**“We sit at the table together so when we work on our fundraising plan it is built right off of the programmatic strategy. We have dedicated cross-departmental staff that connect the dots between communications, programs, and fundraising in order to stay aligned on key priorities”**

By thinking in an integrated way, they were able to focus and align their resources towards the common objectives of advancing the NKH campaign. This cross-collaboration also enabled the team to reflect on how their assets could be used in new ways to support the campaign. For example, NKH works with Academy Award-winning actor Jeff Bridges, who used his celebrity to bring together school superintendents in Arkansas to talk about school breakfast strategies with NKH and the governor. Share Our Strength also has considerable relationships with chefs in the culinary industry who have dedicated their time to producing dining events to raise funds for the organization. The NKH campaign provided an opportunity for these same chefs to use their position of influence and celebrity to raise awareness of childhood hunger issues. Through this integrative thinking, the organization has been able to better leverage its assets and use them in new ways.

## **BIG CHANGE #4: EXPAND YOUR NETWORK; IT TAKES (MORE THAN) A VILLAGE**

Making the decision to tackle a huge issue at scale also forced Share Our Strength to embrace new approaches to partnership and influence. Wachs, Shore and other members of the senior team knew that they wouldn't be able to end childhood hunger without engaging key decision-makers across multiple sectors. Share Our Strength needed to reach beyond its bubble to engage new and different partners in its campaign. The organization had to create a network that included not only providers offering hunger solutions in their communities, but also private citizens, government officials, school leaders, parents and major consumer-facing corporations, all marching toward the same goal.

To widen its circle, Share Our Strength worked to connect childhood hunger to other pressing national social problems. From time spent deep in political campaigns, Wachs knew that it was essential to connect hunger to other critical issues that were front and center in the national dialogue. The best way to inspire decision-makers to care about hunger is to show its direct connection to outcomes they already care about, such as education and healthcare. To do so, Share Our Strength engaged Deloitte, a national management-consulting firm, in a pro-bono project to better understand these complex connections. Deloitte's research helped to quantify the direct connections between hunger and a number of preventable and costly health outcomes, and make clear links between hunger and both school attendance and classroom performance. For example, Deloitte's research found that students in schools that made it easier for kids to get a healthy breakfast by serving it in the classroom, as the state of Maryland had,







earned an average of 17.5 percent higher math scores on state tests – a compelling statistic for anyone who has a vested interest in educational performance.

In addition to understanding the broader social and economic impacts of childhood hunger, the organization is also focused on forging new corporate partnerships that bring both financial resources and the immense power of large corporate networks. For example, Arby's Foundation invested in NKH summer hunger efforts, including a national texting campaign and in-store outreach program to alert families to free, federally funded summer meals in their communities. These efforts will ultimately connect kids across the country with more than 24 million additional summer meals by the end of 2015.

## THE RESULTS

By letting a sense of urgency move the needle farther and faster on childhood hunger, Share Our Strength made a big bet that reinvigorated the organization and propelled the growth necessary for real impact. Since launching the NKH campaign, the organization's budget has grown dramatically from \$16M in 2007 to more than \$40M today, which it has strategically re-invested in order to have incredible, tangible impact on childhood hunger. Since the launch of the NKH Campaign, more than one million children have been connected with additional meals. Share Our Strength's Cooking Matters nutrition education program has helped over 100,000 families learn how to shop for and cook healthy meals on a tight budget. Participation in the school breakfast program has reached record levels, reaching a majority of eligible children (instead of a minority) for the first time in the program's history.

Share Our Strength has been a powerful voice lobbying Congress to protect food assistance programming, such as SNAP and SNAP-Ed, which provides low-income families with nutritional education. Through leveraging its network, over 100,000 emails and calls were placed

to Congress in 2013 alone. These advocacy efforts have achieved policy victories, such as influencing the United States Department of Agriculture to re-evaluate its summer meal feeding site eligibility guidelines, increasing the number of areas deemed eligible and giving more kids access to summer meals.

The NKH campaign has also increased awareness of childhood hunger by attracting a number of influential and well-known people to support the cause, including actor Jeff Bridges. This support has led to more awareness building, such as when Bridges joined NKH at both the Democratic and Republican Presidential nominating conventions in 2012 to raise awareness for childhood hunger with governors and USDA Secretary Tom Vilsack. The creation of the NKH Center for Best Practices, which serves as a go-to resource for those working on childhood hunger nationally, is helping to equip the country to advance the cause. The Center houses a number of toolkits, case studies, and other free resources, including materials that may be used to engage with elected officials, that make it easier for the hunger community to implement solutions. Individuals in all 50 states have accessed these resources over 33,000 times.

In 2014, Share Our Strength was awarded a \$6M grant from the Social Innovation Fund (SIF), a White House initiative and a program of the Corporation for National and Community Service, further validating the NKH strategy, its scalability and its potential to create transformational social change. The SIF is designed to financially support proven, effective strategies and ideas that have the potential to solve problems at the scale they exist. This award recognizes the big bet Share Our Strength took in tackling a seemingly intractable issue and the progress it has made thus far. More importantly, it will allow the organization to scale its NKH strategy into new communities and represents a big bet by government that transformational change can happen on the issue of childhood hunger in America.



## Guiding Discussion Questions (For Funders and Nonprofits)

When was the last time you let a sense of urgency drive your objectives?

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\_\_\_\_\_


To what extent might developing a bold goal or making a big bet reinvigorate your efforts?

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\_\_\_\_\_

What changes would be needed in order to reorient your focus towards transformational vs. incremental change?

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\_\_\_\_\_

How are you using metrics to drive your grantmaking or your programming? How might you make use of metrics in a more focused way to understand your impact or to keep your team engaged for the long haul?

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To what extent do you approach partnerships from the perspective of the potential benefits to them as opposed to expecting partnership on the basis of goodwill?

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How might broadening the base of partners support your work?

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\_\_\_\_\_

Created in partnership  
with **Community Wealth  
Partners**

**Special thanks to:**

**Bill Shore,**

Founder & CEO

**Chuck Scofield**

Chief Development Officer

**Josh Wachs**

Chief Strategy Officer of Share Our  
Strength

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case study.**

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# PROPELLER

A BE FEARLESS CASE STUDY



## PRINCIPLES IN ACTION

**MAKE FAILURE MATTER:**  
 Failure teaches. Learn from it.

**LET URGENCY CONQUER FEAR:**  
 Don't think and overanalyze. Do.

**REACH BEYOND YOUR BUBBLE:**  
 It's comfortable to go it alone.  
 But innovation happens at intersections.

Guided by its values of innovation and experimentation, Propeller restructured its core program to more quickly move the needle on outcomes for food, water, health and education in New Orleans.

### SYNOPSIS/SUMMARY

After four years of incubating social ventures in New Orleans, Propeller felt that its good work was not making a big enough dent in the significant challenges still facing the city after Hurricane Katrina. Acknowledging that good wasn't good enough, Propeller's leaders looked for a way to accelerate the organization's impact and hit on connecting social entrepreneurs working on the same issue from different angles as a potentially powerful new

strategy. With this insight, Propeller's leadership decided to pilot, and ultimately implement, a whole new model for its incubator program.

The following case study details how Propeller's strong experimental culture, structured decision-making process and dedication and accountability to its vision guided the organization to take risks that ultimately helped



its program participants more rapidly achieve greater outcomes in New Orleans.

## THE BACKGROUND

When Hurricane Katrina struck New Orleans in 2005, 1,500 lives were lost, 780,000 people were displaced and 18,700 businesses were destroyed. In the following 10 months, the city lost an average of 95,000 jobs per month, keeping hundreds of thousands of people from recovering and rebuilding their lives. While billions of dollars and teams of people from outside the region arrived to help, many people in New Orleans believed that the city's revitalization needed to be driven by the community itself.

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**Propeller's vision is to build a critical mass of entrepreneurs working to solve pressing social issues in New Orleans in order to make significant change for underserved individuals in that city.**

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Andrea Chen was one of those people. Chen's whole career had focused on education in New Orleans—first as a public school teacher and then overseeing grants and loans for charter school start ups with the Louisiana Association of Charter Schools. In the aftermath of Katrina, she and a group of friends decided to help combat the deteriorating economy and accompanying social challenges in their city. They drew on New Orleans' spirit of entrepreneurship and in 2006 revived the volunteer-run Social Entrepreneurs of New Orleans. Over the years, this group grew and evolved into a hub of social entrepreneurs and by 2011, Chen had officially incorporated and rebranded the organization as "Propeller: A Force for Social Innovation."



Propeller's principles rest on the belief that there are market-based opportunities for addressing many social or environmental challenges, and the organization works to empower entrepreneurs to identify and seize those opportunities. Propeller's vision is to build a critical mass of entrepreneurs working to solve pressing social issues in New Orleans in order to make significant change for underserved individuals in that city. Over time and through market research, the organization identified four sectors in which it could best help entrepreneurs have the greatest impact—food security, water management, health-care and educational equity. Propeller selected these sectors based on:

- its knowledge about and experience with the issue;
- established relationships with organizations in the space;
- the feasibility of incubating viable companies in the sector; and
- opportunities for market-based solutions to garner sustainable revenue and make a significant impact on the issue.

In 2011, Propeller launched its first full accelerator program—an incubator for both nonprofit and for-profit social ventures—which provides intensive technical support and mentorship to entrepreneurs at various stages of growth. That first year, Propeller incubated nine ventures, ranging from a cooperatively-owned grocery store focused on local and organic foods in the Upper Ninth Ward to a workforce development organization focused on engaging local youth to revitalize blighted homes and resell them to New Orleans teachers.

A year after launch, Propeller moved into an expansive 10,000 square-foot former tire rim shop in the heart of Broadmoor, a New Orleans neighborhood that in some ar-

areas was under 10 feet of standing water after Hurricane Katrina and that some thought wouldn't (or shouldn't) be rebuilt. Propeller began offering co-working space to social ventures, providing free space to entrepreneurs enrolled in their accelerator and drawing other like-minded startups and individuals to collaborate and exchange ideas. Today, Propeller also uses the space to host events designed to forge connections between people seeking change in food security, water management, healthcare and educational equity. The co-working space and events are all aimed at bringing people together to ultimately create a larger impact collectively than they would have individually.

The Propeller programs and growing community serve as a critical hub for its entrepreneurs. As accelerator alumni Elizabeth Gard Townsend and Ron Gard ex-

#### AS TOWNSEND AND GARD NOTE,

**“Propeller has been our rock, our go-to place to help us with our host of development needs. But it also has been a home...the Propeller staff has really nurtured us and our project, helped us believe in ourselves, and facilitated making our dreams come true.”**

plained, “Propeller has been our rock, our go-to place to help us with our host of development needs. But it also has been a home...the Propeller staff has really nurtured us and our project, helped us believe in ourselves, and facilitated making our dreams come true.”

By 2014, more than 80 organizations and 150 people were working out of Propeller on a daily basis, and the graduation of the fourth accelerator class brought the total number of incubated ventures to 60. Together, these 60 ventures have generated a total of \$24 million in external revenue and financing and have created over 120 jobs for New Orleansians, impacting thousands of underserved residents.

### THE “AHA MOMENT”

By many measures, Propeller was a success. Individual ventures participating in the accelerator program were thriving and the organization was garnering both local and national attention, including a feature in *Entrepreneur* magazine. And yet, the aggregate efforts of the organization and its ventures were only scratching the surface of New Orleans' deep challenges. The city had experienced a steady recovery since Hurricane Katrina, but in 2014, the poverty rate was 27 percent (significantly higher than the national average of 15 percent) and the social and environmental issues in the city remained severe. In 2014, 22 percent of adults and a quarter of all children were food insecure in New Orleans. Forty percent of the nation's wetlands are located in Louisiana but 90 percent of all losses of that ecosystem happen there, and street flooding and sinking land cause such persistent damage that the cost of street replacements in New Orleans are six times the national average. How could Propeller's leaders declare victory when faced with numbers like these? If Propeller was truly going to change the system for struggling residents of New Orleans, the organization needed to go beyond the status quo.

Around that time, Propeller's leaders were reflecting on the impact of an initiative they had developed and incubated—the Healthy School Food Collaborative, which aims to reduce obesity by providing healthy meals directly to schools in Louisiana. The Collaborative has made





significant inroads: in the 2014-2015 school year, 43 percent of students received a healthy school lunch, breakfast and supper, and as of school year 2015-2016, thanks in large part to the Collaborative, the Universal School Lunch policy went into effect, allowing schools to provide free meals to all students attending high-poverty schools.

Many of the Collaborative's successes came from the power of connections. These connections came through Propeller itself, which introduced Collaborative leaders to influential policymakers and school leaders who would become early adopters of the Collaborative's approach. Then later, the Collaborative benefited from connections with other Propeller accelerator participants.

In 2011, for example, Dryades Public Market (previously Jack and Jake's) was working to address limited community access to safe, healthy and local foods, and specifically wanted to provide local produce to schools. Earlier, the Collaborative had pushed for a requirement that five percent of food supplied to schools had to be grown or made within a 500-mile radius of New Orleans and so Propeller introduced Dryades Public Market to the school food distributors working under the Collaborative's contracts. Not only did this significantly increase Dryades Public Market's business, but it also led to a greater number of New Orleans students getting healthy local food. Similarly, in 2014, another accelerator participant, The Cookbook Project, was working to empower youth to be catalysts for healthier communities by providing food literacy and cooking education programs in schools. It was clear that The Cookbook Project and the Collaborative could both benefit from working together, and The Cookbook Project started providing its curriculum in the Collaborative's schools, making greater strides in improving health for the students in New Orleans.

Without necessarily identifying it as a new model for achieving greater innovation and impact, Propeller had begun to link organizations that, together, could make more lasting, institutionalized change than they might alone. Perhaps in the Healthy School Food Collaborative, Propeller's leaders had found the answer to having a greater, systemic impact. At the same time, and unlike most tra-

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**We're trying to create systemic change, and the best way to do that is to create a critical mass of entrepreneurs who are all focused on the same problem, but from different angles.**

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ditional incubators, Propeller was acting on the knowledge that pulling the policy "lever" can make the difference between incremental and transformational change. Reaching beyond the traditional incubator audience in order to have a greater impact on the issues, Propeller was building relationships with government officials, helping to pass school food policies and then making connections between their entrepreneurs and these officials to help remove policy roadblocks and advance their causes on a deeper level.

Propeller's leaders realized they had an important role to play in making these type of connections that could lead to greater, systemic impact. As Julia Stewart, Director of Programs describes, "It's great to support individual companies, but that might just be a drop in the bucket. We're trying to create systemic change, and the best way to do that is to create a critical mass of entrepreneurs who are all focused on the same problem, but from different angles."

Driven by this vision, Propeller knew it had to reinvent its approach.



**Failure is acceptable; you just need to put boundaries on it. Our goal is to create the best program we can [to lead to systemic change], and in order to do that we have to expand it.**

## THE *BE FEARLESS* RESPONSE

### DISCIPLINED EXPERIMENTATION

The connections that had fueled the success of the Healthy School Food Collaborative had not been pre-meditated by Propeller, but rather had come about when the right people were in the right place at the right time. Now, Propeller wanted to find a way to recreate that network effect in a planned way and decided that experimentation would be the right approach. Experimentation is in fact a primary value of the organization itself.

Propeller's main objective is to spur social innovation to solve New Orleans' most pressing challenges. In building Propeller, Chen understood that people are much more willing to truly experiment and take risks if they know that failure is an acceptable outcome. At the same time, she also recognized that an organization cannot continue a failed experiment indefinitely while hoping that it will work out for the best.

Propeller's method of experimentation, therefore, starts by outlining parameters for the experiment, such as how big it can become and how long it can last. This discipline makes innovation and piloting more approachable and less scary

for Propeller staff. As Chen says, "Failure is acceptable; you just need to put boundaries on it. If we both decide that this new initiative is an experiment, we can both acknowledge that failure is an acceptable outcome. We both understand that the goal is to learn from the experiment, and, if we create the time and resource boundaries (for instance, 3 months and \$10,000) for how much and how long this can fail, then we will both feel very comfortable if we do fail, as long as we are within our boundaries and have learned something important."

With this culture of experimentation as its foundation, the Propeller team set out to test whether a different approach to the accelerator program would lead to better collaboration and progress on the social issues facing New Orleans. While some stakeholders were hesitant to overhaul a program that was already working, Chen remained focused on the long-term target. "Our goal is to create the best program we can [to lead to systemic change], and in order to do that we have to expand it."

### DECISION-MAKING MADE EASY

Andrea and her team hypothesized that making the accelerator program sector-specific—allowing entrepreneurs work-



ing on one issue to go through the program together and giving them access to Propeller’s relationships with policy experts and government officials, for example—would catalyze more collaboration and accelerate change. This would mean running multiple programs simultaneously, which would translate to significant administrative and resource changes for Propeller. This possibility prompted a number of questions from the team: Would they be able to get enough ventures in each sector to create multiple distinct and robust programs? How much more would this cost, and could they afford it? What would be the implications for staff resources with a team that was already stretched thin?

As the list of questions expanded, the team began feeling overwhelmed and risked falling into an “analysis paralysis” trap. In order to move forward with an entrepreneurial and experimental spirit, the team needed to break out of their fear of the unknown. So, as Chen had done many times before, she turned to the decision-making process she developed when she founded Propeller.

“When we were first getting started, I often felt overwhelmed. I wasn’t great at efficient decision-making and issues would fester without a resolution.” As a result, she came up with a straightforward four-step process.

- First, ask yourself what is the single question you are trying to answer? Once you’re able to focus on a single element, it is easier to clear your head and consider your options.
- Second, brainstorm options freely without eliminating or questioning any ideas. The more specific you can get with your options, the easier it is to clearly see the “universe” of possibilities.
- Third, systematically go through each option and lay out risks and opportunities for each one. For each

risk, ask yourself if you can mitigate it and how.

- Finally, eliminate options based on risks and opportunities, settling on the best and most viable path forward. You may realize that there are one or two options that are potentially viable and that you need more information to select the final, go-forward position.

**“In order to move forward with an entrepreneurial and experimental spirit, the team needed to break out of their fear of the unknown. First, ask yourself what is the single question you are trying to answer?”**

This process helps ground decision-making into something tangible and actionable, and all staff at Propeller, along with the entrepreneurs, are trained in this technique.

Chen and Stewart, along with Lead Mentor Kevin Wilkins, used this exercise to decide whether and how to proceed with a sector-specific accelerator program. What emerged was a plan to run a three-month pilot program for the water sector only. Though there was still uncertainty about changing their core program, the two thought that an experiment with a short water sector-specific accelerator would serve as a trustworthy barometer for whether to restructure the entire program and would simultaneously lend invaluable lessons on how to implement the program successfully, should they choose to proceed. If the water-specific accelerator failed, consequences to the existing core program would be minimal.





## THE ART OF THE PIVOT

As Chen and her team redesigned the original model, staff started to examine other aspects of the program that might be modified for better results. “Anything that wasn’t set in stone was up for questioning,” Stewart described.

One topic up for debate was the length of the program. In its four years of existence, the program had always lasted 10 months. The Propeller team wondered if the same or better results might be achievable in less time.

Another area for reconsideration was the one-on-one consultant model. For years, Propeller had paired each social entrepreneur in the program with a paid consultant to act as a mentor and coach. This required consultants who were engaged, supportive and experienced in the content of the entrepreneur’s specific venture. Finding consultants, maintaining quality control and creating a good match for 100 percent of the entrepreneurs each year had proven difficult. The consulting relationship, when done well, was incredible and high value-add, but the team needed alternatives to better manage quality-control with expansion.

With these questions in mind, the team looked outward and conducted a benchmarking study of other incubator programs. The results showed that Propeller was a major outlier with regard to program length, as most incubator programs ran for only three to six months. Propeller discovered that it was also an outlier in using a one-on-one consultant model for its ventures. This knowledge prompted Chen, Stewart and Wilkins to further change their initial experiment—the water sector pilot program would run for three months and have one, highly-skilled mentor who worked with seven or more entrepreneurs at a time.

The Propeller team was ready to suspend their old model for the time and pivot to test something new. Though there was some uncertainty around taking this risk, the team knew that the pilot was based on solid information and thorough planning.

## DIVERSE APPROACHES ACCELERATE SYSTEMS CHANGE

In September of 2014, Propeller launched an accelerator uniquely for the water sector with 13 different companies. All of the ventures were working to solve the issue of New Orleans’ rising sea level and abundant storms—which, with inaction, is anticipated to cause more than \$10 billion in infrastructure damage alone and as much as 80 percent wetland loss over the next 50 years. In response, federal and state officials have created a 50-year plan to save and rebuild the disappearing delta at an estimated cost of \$50 billion.

These companies all approached the issue differently, and their activities ranged from creating a process of berm design and deployment to increasing the rate at which the marsh is restored, to providing storm protection for the coast through massive planting of hurricane-resistant bald cypress and water tupelo trees. The ventures participated in training workshops on essential topics, such as the Lean Startup Methodology, financial planning, market understanding and competitive assessment. Participating entrepreneurs also worked individually with Mike Eckert, former President and CEO of The Weather Channel/ weather.com, the water sector expert serving as the cohort’s lead mentor, to develop customized work plans. The cohort met weekly to discuss specific topics as well as share their challenges and provide support to one another.

Promisingly, these weekly sessions often yielded actionable ideas that ultimately helped advance more rapid change on the challenge at hand. For example, one week

the cohort focused on storm water management. To date, there had not been an industry standard for how to measure the reduction in storm water runoff, making it difficult for the city to understand whether or not progress was being made in solving this problem. So Eckert challenged the group to create a common metric that could be applied across companies using different approaches to storm water management. Though it was a struggle to find one measure the entrepreneurs could collectively use to demonstrate the effectiveness of each individual venture, the cohort eventually produced an easy-to-use metric that all efforts to manage storm water runoff are almost certain to use. In fact, Propeller has since adopted this metric, and others related to coastal restoration, to quantify its overall impact on this critical issue facing New Orleans.

As the Propeller team had hoped, synergies emerged as this diverse group of ventures all worked toward addressing the same problem from different angles. One venture, the Front Yard Initiative—a project of the Urban Conservancy, was working to replace impermeable surfaces in residents' yards with greenery and permeable stones that would allow storm water to be absorbed rather than creating runoff, street flooding and sinking land. However, once Front Yard Initiative's initial work was done, there was a need for someone to support residents in maintaining the new green space. Groundwork New Orleans was another venture in the accelerator seeking to promote public education, conservation and green infrastructure to reconnect residents to the environment. One way they accomplished this was through a youth service-learning program where volunteers helped maintain green spaces. Groundwork New Orleans proved to be the perfect partner for Front Yard Initiative as they followed up Front Yard Initiative's initial construction with continual maintenance, ensuring that the reduction in storm water runoff was ongoing. Just as the Healthy School Food Collaborative became

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## **Synergies emerged as this diverse group of ventures all worked toward addressing the same problem from different angles.**

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a vehicle for collective change in the school food arena, the water sector pilot was enabling connections between ventures that let to greater progress in addressing New Orleans' water issues that each one would have achieved individually.

### **THE RESULTS**

The 13 water management companies graduated from the pilot program having built stronger business models and valuable relationships with their cohort members and Propeller's larger peer alumni network. Though the companies no longer gather in structured weekly meetings, the participants continually support one another and discuss challenges that arise. They keep in touch with Eckert for informal guidance, plan official reunions with one another, and continue to attend Propeller-hosted water sector convenings, like workshops on water quality monitoring and an upcoming unveiling and discussion of the 2017 Louisiana Coastal Master Plan. As this community strengthens and expands, these relationships will be critical in forming new connections and partnerships that will in turn, further advance solutions for addressing water issues in New Orleans.

Based on the success of the pilot, the Propeller team decided to move forward with a full restructure of its accelerator program. Some questions remained about Propeller's capacity to deliver the service, how they would fulfill the budget, and how the participants would react, but the team used the discipline of the Propeller decision-making process





## AS ECKERT NOTES,

**“What they have done in New Orleans is no less than remarkable...when Katrina happened it shook the market to its bones. But now, the market has come out swinging and has had an incredible renaissance, thanks in large part to Propeller.”**

to responsibly design the new program model. The 10-month program would be replaced with two separate, sector-specific tracks. A newly-dubbed “Startup Track” began in the fall of 2015 and will run for three months. The program will work with up to 10 early-stage ventures in each sector—a total nearly twice the size of Propeller’s earlier cohorts—to take them from an idea to a viable business model, and in some cases, a pilot stage. The most promising ventures from the first track will be invited into the subsequent “Growth Track,” a five-month program with more intensive support to bring ventures from beta to launch.

By the end of 2015, Propeller was contributing to New Orleans’s economic development and making an impact:

- Over 250 full- and part-time jobs created, contributing to an expanded workforce in New Orleans.
- Over \$60 million in external financing and revenue collectively generated by Propeller Ventures and Alumni.
- \$90,000+ in seed funding awarded to ventures through sector-based PitchNOLA competitions.

Though this new accelerator program is a big change for Propeller, Chen is moving forward confidently with the evidence of a successful experiment. Propeller’s ability to take seemingly large and overwhelming problems, and method-

ically break them down into smaller, manageable pieces, has allowed Propeller to work with entrepreneurs to move the needle on solutions more proactively and efficiently. Their decisions are made easier by their process, embedded philosophy of experimentation and failure, as well as their keen focus on the goal of solving health, education, food security and water management challenges in New Orleans. This new accelerator is not the first, nor the last, pivot Propeller will make in search of lasting systemic change.

To focus its efforts in pursuit of this systemic change, Propeller has set specific impact goals for the next 10 years in each of the other three priority sectors—food security, educational equity and health care—as it did with the water management sector pilot. Among others, these metrics include the percentage of kids consuming healthy school meals; acres of wetlands restored; gallons of storm water kept onsite; a decrease in chronic absenteeism, suspensions, and truancy; and additional health benefits accessed by underserved populations.

Propeller also holds itself responsible for measurable improvement in key areas usually outside of an incubator’s sphere of influence, including changes in policy and public-private funding practices. For example, the organization tracks the number of influencers mobilized per policy initiative. Propeller even goes a step further, gauging its success, in part, on the quantified benefit to entrepreneurs as a result of key policy changes.

The combination of Propeller’s willingness to pivot to a new accelerator program that maximizes connections and its discipline in holding itself accountable to specific outcomes is enabling the organization to help transform New Orleans. As Eckert describes, “Propeller and Andrea are fearless and on the edge in terms of what they are doing. What they have done in New Orleans is no less than remarkable...when Katrina happened it shook the market to its bones. But now, the market has come out swinging and has had an incredible renaissance, thanks in large part to Propeller.”



## Guiding Discussion Questions

What is your approach in the face of big decisions? Do you have a specific decision-making process?

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How do you encourage yourself and others in your organizations to experiment?

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What currently prevents you from experimenting and what systems or processes could you put in place to make it a more regular part of your organizational culture?

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Are there aspects of your existing programs that have stayed static for many years? What could you do to challenges these programs or look for improvements?

 \_\_\_\_\_

In what ways could you increase your impact by connecting with other organizations working on the same issue from a different angle?

 \_\_\_\_\_

Do you have public policy reform goals attached to your program efforts – city/state/national/global?

 \_\_\_\_\_

**For funders:** How might you facilitate connections between your grantees that would increase their overall impact?

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# COMMUNITY VOICES HEARD

A BE FEARLESS CASE STUDY

## PRINCIPLES IN ACTION

### MAKE FAILURE MATTER:

Failure teaches. Learn from it.

### LET URGENCY CONQUER FEAR:

Don't think and overanalyze. Do.

### REACH BEYOND YOUR BUBBLE:

It's comfortable to go it alone.  
But innovation happens at  
intersections.

To give voice to New York City's poorest residents and empower them to address the seemingly intractable problems they faced, Community Voices Heard pulled together a strategic coalition to implement a radical budgetary decision-making process.

## SYNOPSIS/SUMMARY

Community Voices Heard was founded specifically to raise the voices of people often ignored in our society—those on public assistance or who are homeless, low-wage workers, women, or people of color. Led by a membership of these traditionally-disenfranchised community members, Community Voices Heard set out to improve the public housing situation in New York City and ended up introducing a new process called participatory

budgeting to accomplish their goals. This process is designed to ensure that the people whose lives are directly affected by a decision get to make that decision. Residents would suggest projects for funding and then vote on the allocation of funding. With this process, public housing residents who lacked safe gathering spaces or students who lacked access to critical technology could get those needs funded. Though participatory budgeting



was initially rejected by the public housing authority, Community Voices Heard persisted and built a coalition of partners that ultimately achieved what no one else in the United States had done—instituting participatory budgeting across a major U.S. city.

The following case study details how, in the face of initial failure, Community Voices Heard was motivated by its community's urgent needs to build unlikely partnerships and unrelentingly drive forward the participatory budgeting process.

## THE BACKGROUND

The 1990s in New York City was a time of worsening economic conditions and increasing poverty. Though poverty and unemployment were declining across most of the country, New York City experienced the opposite effect. From 1990 to 2000, the U.S. poverty rate fell from 13.5 percent to 12.4 percent of the population, but in New York City, the overall poverty rate increased from 19.3 percent to 20.8 percent. Simultaneously, there was a push to make welfare more restrictive. New York City government increased its rejection rate of welfare applicants from 27 percent in 1994 to 54 percent in 1997, and up to 75 percent in 1998. Accompanying the stringent changes was a national discourse stigmatizing individuals receiving public assistance, which greatly limited this population's voice in the policy decisions affecting their lives.

In 1994, a group of New Yorkers—mostly women, some homeless, many receiving public assistance and unemployed—decided they had had enough and came together to make their voices heard in a fight for economic justice. Together, they formed Community Voices Heard (CVH), a member-led organization that, through grassroots organizing, leadership development, advocacy and creation of new models of direct democracy,

would build power to secure social, economic and racial justice.

CVH was founded on a commitment to ensure that the people directly affected by the issues are at the table when decisions about policy, budgets or regulations involving those issues are developed. The founding by-laws dictated that the Board of Directors had to include more than 50 percent women, more than 50 percent people of color and more than 50 percent low-income individuals. With these populations driving the organization's agenda, CVH began mobilizing residents around issues including: welfare rights; job access and quality; workforce development; neighborhood planning and rezoning; and affordable housing.

## A NEW BATTLE BEGINS

While New York City's economy began to rebound in the early 2000s, economic success and infrastructure improvements were not equally distributed across the city. Many public housing buildings desperately needed repair—residents dealt with long-standing problems such as crumbling walls, leaky roofs, rotting plumbing, broken elevators and rodent infestations. At the same time, residents were hit with sudden rent increases and an onslaught of new fees for services that were previously free, such as some repairs and running household appliances, despite the fact that chronic mismanagement meant that any small amount of money going towards these repairs did not provide lasting, quality fixes. Realizing that action needed to be taken and that they needed to advocate for themselves, CVH's Public Housing Committee launched a campaign in 2006 to push back against the new fees.

However, the many years of disenfranchisement and exclusion from decision-making processes had taken a toll on public housing residents. They were wary of participating in an effort to push the New York City Housing

Authority (NYCHA) after years of having their perspectives ignored and their lives disrespected by those in power. Government officials, media and society at-large routinely stereotyped and criticized public housing residents for not caring about their communities, when the reality was quite different. Residents wanted to improve their living conditions but the systems meant to facilitate their engagement and participation were broken and regularly undermined by conflicting policies and lack of enforcement.

#### AS YOUDELMAN NOTES,

**“We choose to tackle big policies that others aren’t attacking—yes, it’s a risk to choose this fight. We may not win, but someone has to try.”**

Deep, systemic challenges like these would cause many organizations to give up. But since CVH members are the ones affected by these issues, they are less likely, and less able, to back away from this type of challenge. “Since our members are those affected, we can’t just let it go,” says Sondra Youdelman, Executive Director. She explains, “We choose to tackle big policies that others aren’t attacking—yes, it’s a risk to choose this fight. We may not win, but someone has to try.”

Realizing that its members were caught in a vicious cycle of disrespect, disenfranchisement and disengagement, CVH needed a new strategy—one that would

change the system and return power to the residents of New York City Housing.

## THE “AHA MOMENT”

After exploring a number of different ways to advance their agenda around decision-making power without success, CVH members decided to pursue a new approach called participatory budgeting. Several CVH members first learned about this process in 2002, when a funder sent four CVH representatives to the World Social Forum in Porto Alegre, Brazil. At the Forum, the group learned that participatory budgeting empowers community members to decide how parts of a government budget are used. Residents recommend community-benefit projects which are then placed on a ballot. The residents then vote and the money is allocated to the winning projects. This process directly engages the community in governance and allows them to influence how their tax dollars are spent while also requiring them to consider tradeoffs in these budget allocations.

As Youdelman describes, “I was fascinated with the agency and voice [participatory budgeting] gave to ordinary citizens, and how it involved real resources. [With our campaigns] at the time, I felt like we were fighting over crumbs in the budget, and so I was inspired that there was another method of budgeting that gave real voice to the community.”

## THE BE FEARLESS RESPONSE

### A ROADBLOCK IN THE NEW PATH

Through research on participatory budgeting, CVH learned that it had been instituted in multiple places around the world, but not yet in the United States. CVH sent a delegation to Toronto to learn about the participatory budgeting in their public housing oversight agency. Upon their





## RIVERA NOTES,

**“What we do is we don’t give up. We can’t give up, because when we do, we are losing ourselves and our lives. We think of another way.”**

return, the delegation members urged CVH to explore adding a participatory budgeting element to its public housing campaign.

Such a decision would dramatically shift CVH’s role from traditional activist—fighting government to change specific policies—to partner—working with government to implement a process and the subsequent community recommendations. This was uncharted territory for CVH, breaking the mold for the grassroots organizing field, and the organization’s leaders asked themselves the same questions they asked before starting anything new: “How will this be useful for us in building our base and building power? Will it take us off track?” Ultimately, they decided that taking on this new role in the near term would serve their long-term goal of getting public housing residents a greater voice in decision-making about their homes and lives.

CVH staff approached NYCHA in 2010 and proposed that public housing residents, who would be the most affected by budget decisions, be included in those decisions via participatory budgeting. The outcomes, CVH emphasized, would not only be more effective commu-

nity advocacy but also a lighter decision-making burden on NYCHA. Ultimately, this process would bring more understanding within the community about the trade-offs that NYCHA had to deal with, given limited resources and massive need. Though CVH conducted a series of meetings and panel discussions about participatory budgeting with NYCHA officials, the agency was averse to trying something that had not been widely implemented or proven in the U.S. The risk seemed too high and NYCHA turned CVH down.

Despite this initial rejection, the challenges facing CVH members and public housing residents were too dire and their anger over being marginalized from decision-making processes yet again was too great to ignore, so CVH went back to the drawing board.

### **NOT TAKING “NO” FOR AN ANSWER**

CVH was familiar with rejection and had built an organizational resilience in the course of struggling for the members’ cause. As member-leader and public housing resident Agnes Rivera described, “What we do is we don’t give up. We can’t give up, because when we do, we are



losing ourselves and our lives. We think of another way. We come together and put out as many ideas as possible and break it down to what's most sensible." This perseverance had gotten CVH multiple wins in the past, and this time would be no different.

CVH members and staff had been inspired by the idea of participatory budgeting and the possibilities it held for democratizing decision-making in NYCHA, and they weren't ready to give up on it yet. Perhaps if they could demonstrate success with participatory budgeting in another area of city government, they might then be better positioned to convince NYCHA to adopt the process.

To do this successfully, CVH would need some new partnerships. They connected with leaders of the Participatory Budgeting Project (PBP), an organization that creates and supports participatory budgeting processes in North America that deepen democracy, build stronger communities and make public budgets more equitable and effective. PBP had recently made inroads with the process in one Chicago alderman's district and was interested in supporting potential participatory budgeting efforts in other cities, including New York City. CVH also recalled that during the attempt to convince NYCHA to use participatory budgeting, a handful of City Council members heard about the process and were intrigued by the idea of potentially trying participatory budgeting in their districts.

Sensing a unique moment in time—with the confluence of PBP offering its expertise and Council members expressing interest—CVH decided to pursue participatory budgeting at the City Council level. This decision was a departure from CVH's initial intent of using participatory budgeting to bolster its public housing campaign and some members and staff were initially resistant. Was CVH abandoning its efforts to improve public hous-

ing? Why was an organization that typically focused on citywide policy "scaling back" to work at the individual district level? CVH leaders considered these concerns, but ultimately determined that instituting participatory budgeting at the district level would empower residents to fight for the same changes sought by the original public housing campaign. If City Council members whose districts included public housing agreed to participate in participatory budgeting, they reasoned, those residents would be able to use the process to advocate for changes in public housing.

In October 2010, CVH and PBP co-organized a panel on participatory budgeting and invited City Council members to attend. The panel highlighted the positive impact participatory budgeting could have, stressing that the process was a win-win. The burden of budgeting would fall on the community members rather than the Council members, which would ultimately result in what was best for the residents. CVH also noted that by allowing residents to have a voice in the decision-making process, Council members could win residents' support for their leadership.

Although the politicians did not commit immediately, with additional education and advocacy by CVH and its partners, ultimately four Council members agreed to sign on, allocating a total of \$6 million from their discretionary budgets to a participatory budgeting pilot in 2011. Based on residents' votes, some of this money was eventually directed to New York City's first-ever library vending machine, enabling residents of Breezy Point, where there is no public library, to access materials from the Queens Library system. Another winning project, initially proposed by students in Brooklyn, brought field lights to an athletic field, creating a safer environment and extending the hours during which the community could use the field.

From the beginning, this initiative had important buy-in from both sides of the aisle. Melissa Mark-Viverito, Brad Lander and Jumaane Williams were progressive leaders who had





already developed relationships with CVH, while Eric Ulrich was a conservative leader who agreed to sign up for participatory budgeting because it was, as he described, simply a good government practice. As Councilman Lander expressed, “This is revolutionary civics in action. Participatory budgeting helps to restore confidence in democratic government as a vehicle for collective action to solve problems.” The commitment of these four Council members gave CVH and PBP the opportunity to pilot participatory budgeting and refine a process that could be easily replicated elsewhere in the city.

### **FORGING A NEW PATH WITH UNLIKELY PARTNERS**

CVH and PBP knew that successful participatory budgeting processes were typically guided by a Steering Committee representing multiple organizations and constituencies, rather than being driven exclusively by one or two organizations. So they, along with their four Council allies, brainstormed ideas for who should be invited to join the Steering Committee. Some groups were obvious—key community organizing groups as well

AS COUNCILMAN LANDER NOTES,

**“This is revolutionary civics in action. Participatory budgeting helps to restore confidence in democratic government as a vehicle for collective action to solve problems.”**

as those with experience in community outreach and engagement, particularly of marginalized and disenfranchised populations.

But CVH, PBP and the Council members didn’t stop there. Participatory budgeting was still unproven in the U.S. and Council members were going out on a limb to be the first to try it on a multi-district scale. It was essential that CVH and PBP do everything they could to make it successful and that included thinking expansively about what and who would be necessary for success. So they invited a research organization that could evaluate the pilot

effort as well as groups with expertise in design, marketing and mapping technology to ensure their efforts were as successful as possible. As Youdelman said, “It took everyone and coalition-building and partnership-formation was a critical part of this process. We definitely couldn’t do it alone. We coled a process that brought the right players together to make it happen.”

Although CVH had been a part of, and even led, a number of coalitions in the past, the participatory budgeting effort required building new alliances with different types of stakeholders. In particular, this was the first time the organization had truly partnered in a deep way with government officials. As an organizing group, CVH was more accustomed to an “us vs. them” mentality regarding policymakers; typically, CVH members and staff were fighting against a government policy or action. Now, these same leaders were being asked to work with government officials to accomplish something together. This new cross-sector collaboration was sometimes frustrating but ultimately led to greater understanding between government, CVH and its nonprofit partners.

## GETTING ALL COMMUNITY VOICES HEARD

When the pilot process for participatory budgeting had been designed by the Steering Committee, CVH began reaching out to the community to galvanize support and participation. CVH tapped into its existing networks from its public housing and welfare campaigns and began educating people on the process—residents would brainstorm spending ideas for the allocated money, volunteer budget delegates would develop proposals based on these ideas, the residents would vote on the proposals and the government would then implement the top projects.

As CVH began conducting outreach, some members and staff worried about mission creep. In addition to the new partnership role with city government, this process would shift CVH's efforts from exclusively targeting low-income neighborhoods to inviting budget proposals and votes from residents at all socioeconomic levels. For example, Councilwoman Mark-Viverito's district included two primarily low-income neighborhoods (South Bronx and East Harlem) and one primarily high-income area (Upper West Side). CVH worried that their participatory budgeting efforts might result in more projects being funded in high-income areas, rather than in areas with the greatest need. CVH also worried that funders would be more excited about this new project than CVH's existing work and CVH's funding for its core work would suffer.

To address some of these concerns, CVH resolved to declare participatory budgeting a "special project." Dedicated staff were hired

and the budget (both fundraising and expenses) was handled separately from the main CVH budget. Regarding concerns about participation from all socioeconomic levels, staff also knew they would have to draw on their community mobilization expertise to ensure strong participation from the low-income residents in these districts.

Voting rules, another key part of the project design, were also used to ensure plurality and diversity of community voice. The Steering Committee established voting rules that were much more inclusive than those for other government processes. Residents did not have to be registered voters, citizens or even legal U.S. residents to vote for community budget allocations. To participate, the voter simply had to be a resident of the district and at least 16 years old (the minimum age was subsequently reduced further to 14 years old).

CVH focused its efforts on engaging people at the outside margins of community deci-

“It took everyone and coalition-building and partnership-formation was a critical part of this process. We definitely couldn't do it alone. We co- led a process that brought the right players together to make it happen.”

## EXAMPLE PARTICIPATORY BUDGETING PROCESS

(DATA FROM 2013-2014 CYCLE)



To view this graphic online, visit: <http://bit.ly/1PQSBPA>

sion-making, such as low-income individuals, people of color, those with language barriers and undocumented immigrants. It was a challenge getting all of these individuals involved, especially those who were undocumented and therefore wary of the legal system and officials. So CVH established additional partnerships, this time with schools, agencies and community groups already working with this population, which enabled a more trusted outreach. As Carmen Piniero, current Individual Giving & Events Coordinator and previous Sustainable Communities Organizer at CVH, noted, “It was new and exciting to see these individuals have a voice in the community. For the first time they didn’t have to hide.”

## THE RESULTS

Between 2011 and 2015, New York City completed four full cycles of participatory budgeting, while continuing to expand the number of participants and money available each year. By the fourth cycle, the amount of money allocated to participatory budgeting had increased more than five-fold to \$32 million and the number of participants increased from 5,985 in the first year to 51,362 in the 2014-2015 round. In this most recent cycle, residents voted to fund projects including public housing playground renovations, raised crosswalks for pedestrian safety, a mobile food pantry, air conditioning for public schools and emergency call boxes in public parks.

Although the funds allocated through participatory budgeting still represent a small portion of the city’s total budget, four rounds of this process has had a meaningful impact on civic participation, particularly among those populations that have been historically disengaged and disenfranchised. Each successive round of participatory budgeting has engaged increasing numbers of women, people of color, immigrants, young

people and low-income people. In the 2013-2014 cycle, 62 percent of participants identified as people of color, up from 41 percent the year before. Nearly half of participants (49 percent) came from households making less than \$50,000 a year, as compared to 32 percent in the previous cycle. Perhaps more significantly, these people are voting at higher rates in the participatory budgeting process than they do in traditional local elections:

- 11 percent of PB voters identified as Asian, compared with 4 percent of 2013 local election voters.
- 24 percent of PB voters identified as Hispanic or Latino/a, compared with 14 percent of 2013 local election voters.
- 66 percent of PB voters were women, compared with 56 percent of 2013 local election voters.
- 7 percent of PB voters were between the ages of 18 and 24, compared with 4 percent of 2013 local election voters.
- 39 percent of PB voters reported household incomes below \$35,000 per year, compared with 21 percent of 2013 local election.

Not only are these residents engaged in decision-making, their perspectives are influencing broader funding decisions in city government. In some cases, Council members have decided to allocate additional funding to projects that were on the participatory budgeting ballot but did not win the vote. Seven of the 10 Council members who participated in the third participatory budgeting cycle did this, directing an additional \$2.9 million dollars to these communities to fund projects such as security system upgrades, improved bus stops and new community gardens. In other cases, the participatory budgeting process has highlighted a need for changes in the city budget. When numerous projects related to improving school bathrooms made it onto the ballot, the city subsequently agree to add \$50 million in funding for bathroom improvements to the Department of Education’s budget.



Projects now funded through participatory budgeting—from laptops for students to transportation for senior citizens—reflect residents’ desires to improve their lives and their neighborhoods. For instance, the Solar-Powered Greenhouse at Milbrook Houses in the Bronx will employ disengaged youth in growing healthy foods for the community, engage them in selling the vegetables grown through a Farmers’ Market and provide them with valuable exposure to careers in agriculture, business and renewable energy.

Though directing city funds to residents’ most critical needs through participatory budgeting had been CVH’s main motivation, the organization found an unexpected win in the community connections built around these efforts. People came together to fix and enhance their communities, working on projects beyond those that had won participatory budgeting money.

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**Though directing city funds to residents’ most critical needs through participatory budgeting had been CVH’s main motivation, the organization found an unexpected win in the community connections built around these efforts.**

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For example, the first cycle of participatory budgeting included a proposal to fix a local basketball court that had become run-down and dangerous. The project did not win on the ballot, but the Police Athletic Office, which also used the court, took notice and decided to fund the project from its own budget. In

another instance, there was a public housing building with lighting issues that posed a security problem, and though it did not win the participatory budgeting money, a local electrician came forward to volunteer his time and expertise to fix it.

Ultimately, participatory budgeting was building stronger communities as the process expanded and brought together more community members. By the third cycle, 68 percent of voters reported that prior to the participatory budgeting process, they had never worked with others in their community to solve problems. This surge in civic engagement has helped build awareness among community members of each other’s needs. As one participant reflected, “My eyes are now opened to the existence of a lot of needs that I wouldn’t have realized.”

The success and popularity of participatory budgeting has grown exponentially. CVH continues to petition Council members and works to get residents involved. In the most recent cycle, more than 51,000 residents voted to allocate \$32 million dollars for locally developed capital projects in New York City and by 2015, 28 of the 51 Council districts of New York City had signed on for the fifth cycle of participatory budgeting.

Participatory budgeting has become so widespread in New York City, and its success so evident, that the process has now been institutionalized within city government. Even as CVH continues its recruitment and resident engagement efforts, there are now dedicated staff members within the City Council Community Engagement Division and Policy & Innovation Division who bear primary responsibility for implementing the process and they receive additional support from the Finance Division and Communications Division. In recognition of its success,

## AS RIVERA NOTES,

**“I learned that no matter how hard the fight is, never give up on it, never ever give up on it. Always know that there’s a way.”**

participatory budgeting in New York City was one of two recipients of the Harvard University Ash Center for Democratic Governance and Innovation’s 2015 Innovation in American Government Award.


Throughout the entire effort, CVH never gave up on convincing NYCHA to try participatory budgeting. Over the years, CVH and its partners met with high-level NYCHA staff numerous times to familiarize them with the process, share participatory budgeting victories, and discuss ways in which NYCHA could benefit. Finally, five years after CVH’s initial ask, the agency agreed to pilot participatory budgeting and the Council even allocated funds to support NYCHA during the implementation process. As a member-led organization working to make its initial failure with this agency matter, CVH is now intent on growing the amount of money allocated to participatory budgeting through NYCHA, to ensure more funds are allocated to projects that will directly benefit public housing residents.

As Rivera reflected in summing up her participatory budgeting experiences, “I learned that no matter how hard the fight is, never give up on it, never ever give up on it. Always know that there’s a way.”



## Guiding Discussion Questions

In what ways has your organization let urgency conquer fear?

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How have you or your organization reacted in the face of failure? In what ways have you been able to push forward?

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What new ideas have emerged out of failure?

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In what ways does your organization ensure that it is giving a voice to individuals who are not typically represented in greater society?

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What unlikely partnerships might you form to better engage less visible community members in your efforts?

 \_\_\_\_\_

Have you experienced any initial failures in trying to establish new partnerships? What do you do to balance patience with urgency in addressing the issue?

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