

Keys to Identifying Social Entrepreneurs Who Can Make Big Changes

By Cheryl Dorsey

Just one young person can make a world of difference as a social entrepreneur. But how can donors find the right people?

Now that my organization, Echoing Green, has devoted 25 years to providing \$31-million to more than 520 aspiring social entrepreneurs, we decided to see what this span of time shows about the ways donors can help aspiring leaders make a difference.

We examined some of the highest-profile ones who received our help, like Wendy Kopp, who started Teach for America; Maya Ajmera, founder of Global Fund for Children; and Michelle Obama, who helped expand the Public Allies national service corps. But we also looked some others that are less well known.

Among our key findings: Our fellows have raised \$1-billion in private and government money for their organizations, so our investment returns are \$44 for every \$1 we invested.

As other foundations seek out the people who can bring about big social changes, here's what matters most:

Bet on the right jockey.

No matter what the cause, strong leaders share similar strengths, and nothing is more important than seeking out those qualities. Among them:

- **Perspective.** The ability to look at the world with a shared sense of humanity and common dignity propels successful entrepreneurs to search for ways to promote equality of opportunity for all.

Take the journey of Kennedy Odede, from the streets of the African slum of Kibera to Wesleyan University, where, in June 2012, he became the first person from this Nairobi neighborhood to graduate from an American university.

His firsthand experience instilled a deep belief that access to education, health care, and other services are universal rights. With Jessica Posner, another Wesleyan student, Mr. Odede co-founded Shining Hope for Communities, a comprehensive community-development organization encompassing Kibera's first tuition-free girls' school, a health-care clinic, a project to install environmentally friendly latrines, and other critical community services.

- **Purpose.** Success requires not getting fixated on a single solution in pursuit of a goal, and a willingness to switch gears to achieve the most important results.

For example, Priya Haji, has spent a lifetime fighting for social economic equality. After college, she co-founded Free at Last, which became a national model for the way community groups can help blacks and Latinos fight substance abuse and learn how to prevent HIV/AIDS.

Her second venture, World of Good, an online retail marketplace and wholesaler of sustainable goods that created market access for poor women artisans in 55 countries, was acquired by eBay in 2010. Her most recent venture seeks to stem the crisis of debt in the United States. SaveUp is a new personal-finance company that helps participants save money and reduce debt using a points system.

• The ability to find a point of entry to solve a problem. Successful entrepreneurs relentlessly seek to maximize the strengths, talents, and opportunities in any situation.

While working on and studying the problem of chronic hunger in Africa, especially among the poorest and most rural farmers, Andrew Youn became increasingly convinced that the solution to the crisis lay in their own fields. He co-founded One Acre Fund, which helped the poorest rural farmers in Kenya and Rwanda get training, access to markets, and other critical help. In less than six years, One Acre Fund has helped triple harvests and doubled per-acre income for 130,000 subsistence farm families, with the goal of reaching millions more in the next 10 years across sub-Saharan Africa.

• Magnetic personalities that produce results. The extraordinary ability to enlist others and attract significant financial and other support shines through in successful entrepreneurs.

Take Sara Horowitz, a third-generation labor lawyer. Ms. Horowitz founded Freelancers Union, a new support system that brings freelancers together to create power in markets and in politics. Freelancers Union has grown into a \$100-million, self-sustaining social enterprise because Ms. Horowitz has managed to create a wide array of evangelists for her cause: some 177,000 independent workers who appreciate and depend on the union, investors who are sold on the sustainable-business approach, and social-justice champions who believe in workers' rights.

Offer incentives that encourage people to take the right risks.

Every investor knows that incentives spur innovation. But the right incentives allow aspiring social innovators to focus on the long term, tolerate failure, and understand that a vigorous effort may offer more lessons than the actual results.

The story of Ashni Mohnot is a good illustration of how giving leeway encourages risks that lead to breakthrough solutions. Raised in Bombay, which is now Mumbai, and admitted to Stanford University, she experienced the frustrations of many international students who lack access to low-interest loans.

Seeking to reduce the financial barrier to education, she created Enzi, a group that allows ordinary people to invest in students' higher education in exchange for a share in future income. Ultimately, though, she decided she could have a much greater impact in India with smaller education loans.

Ms. Mohnot retooled Enzi to take advantage of the Indian government's recent mandate to increase enrollment in vocational education. Radically shifting her business model from offering large loans to relatively few students to small loans for a large pool of customers has opened up wider possibilities.

Don't get hung up on a single cause.

In pursuing for-profit investments, angel investors and venture capitalists often concentrate on specific industries. That's where these investors have expertise and where it often takes a critical mass of people with similar education levels, backgrounds, and experience to generate a cutting-edge idea.

We get our best results, on the other hand, by remaining agnostic and financing people and ideas that have the strongest chance of achieving results, regardless of the cause.

Our approach creates a more equitable power dynamic. Rather than creating a situation in which donors dictate worthy causes and approaches, we learn from incredibly smart young leaders deeply connected to the needs and solutions that may work best in their communities. And by losing our parochial blinders, we can be receptive to innovators whose ideas truly go against the grain. Perhaps most important, when we pull together our grantees, they learn from one another in ways they might not if everyone came from the same field.

The One Acre Fund's Mr. Youn, for example, often recalls a pivotal late-night conversation with Mark Hanis, co-founder of Genocide Intervention Network (now United to End Genocide), an advocacy organization established to mobilize Americans to fight human-rights abuses. Mr. Hanis's vision for a mass mobilization strategy had an audacious growth proposition (ultimately borne out by more than 1,000 active student chapters around the country).

Its sheer magnitude prompted Mr. Youn to rethink the reach and scope of his direct-services organization at a scale far beyond his initial plans.

Let the best talent bubble up.

A highly competitive selection process sharpens social entrepreneurs' thinking and pushes the best ideas to the top. As a result, we have developed an annual selection process that creates a funnel through which top talent emerges. Last year, for example, our annual global social-business plan competition attracted more than 3,500 submissions from 128 countries yet we ultimately financed only 20 new social enterprises.

Most of our rejected applicants appreciate the discipline of running the selection "gauntlet," because it improves their social-business plans. Those who make the final rounds often speak of their feat as providing great cachet with other potential supporters.

At a time when the world needs vibrant change agents more than ever, we need more donors seeking out and nurturing leaders who can make a difference. Let's start applying these lessons about picking winners as broadly as possible.

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