LIFELONG READING FOR A BILLION PEOPLE
By Brij Kothari & Tathagata Bandyopadhyay

THE CASE FOR CAUSAL A.I.
By Sema K. Sgaier, Vincent Huang & Grace Charles

THE RISE OF THE CORPORATE SOCIAL INVESTOR
By Karoline Heitmann, Lonneke Roza, Priscilla Boiardi & Steven Serneels

Stanford SOCIAL INNOVATION Review
SUMMER 2020
VOLUME 18, NUMBER 3

Organizational Culture as a Tool for Change

By Jennifer Howard-Grenville, Brooke Lahneman & Simon Pek

Realizing Democracy is year-long learning series, co-sponsored by the Ford Foundation, Open Society Foundations, Demos, Community Change, and the Center on Democracy and Organizing, focused on questions of power within government, the economy, and civil society.

To learn more and join the conversation, visit **www.realizingdemocracy.org.**

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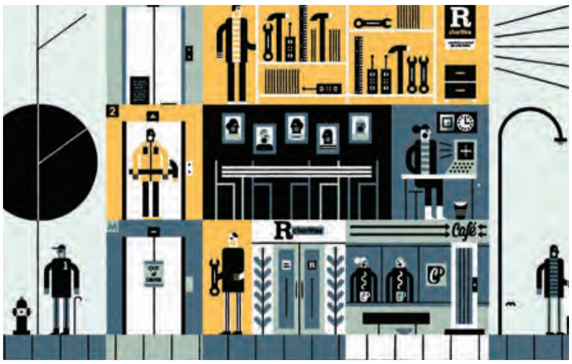

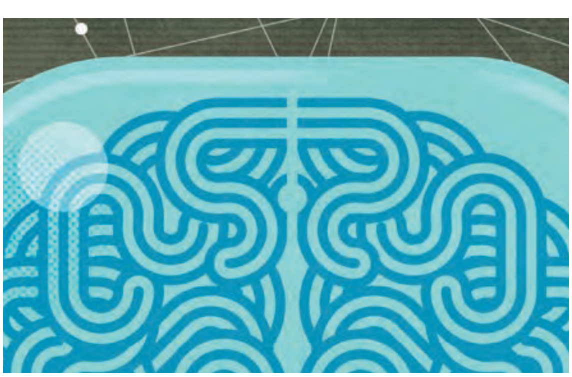

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If corporate leaders and investors ever fooled themselves into thinking that their success did not depend on the well-being of society, their mistake is now plain to see.

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EDITOR'S NOTE

Leading During and After a Crisis

Many of you reading this issue of *Stanford Social Innovation Review* are probably wondering why there aren't any articles about the coronavirus pandemic and its impact on the social sector.

We are, of course, aware that the pandemic is having a tremendous impact on all parts of society, in particular on the people who are most vulnerable. We are also aware that the pandemic has created a crisis for many nonprofit organizations and social businesses, as services and programs are forced to shut down or refocus, and revenues and donations decline, all at the very time when the need for many of these same services and programs is greater than ever.

But the magazine is not supposed to be topical. One of the reasons is that we only publish four issues each year. We pick the articles that we will publish months in advance of when you read them, often before the last issue goes to press. Many of the articles you are reading now were written last December and January. With that publishing schedule we cannot possibly try to be topical.

There is another and more important reason that we don't attempt to publish topical articles in the magazine. Our mission is to find and publish articles that provide insight on important issues and challenges that social sector leaders must deal with continually: How can an organization be both innovative and able to operate programs at scale? What are the attributes of an effective leader? How can a business create social as well as economic value?

As it turns out, some of these eternal topics are essential now. Take our cover story, "Organizational Culture as a Tool for Change." Many nonprofit organizations are having to adapt and pivot in response to the pandemic and its effects, often very quickly. Some are able to do this more easily than others, and one of the reasons for that is the organization's culture. Is it a culture that responds well to change or not? Do the organization's leaders and its employees know how to change the culture when needed? This article provides insights on those and other vital questions.

The same is true for many of the articles we have published over the last 17 years which are all available on our website. For example, during the Great Recession of 2008 and 2009, we published a number of articles about how to manage during an economic downturn such as the one we are now in. One of these articles was "Outrun the Recession," published in the Winter 2020 issue. It advised nonprofits to focus on seven areas, such as "draw funders in," "protect the core," and "fortify the best people"—all still good advice today.

The way that *SSIR* can best respond to current events is online, where we can develop an idea into a published article in a few days if necessary. Since March, we have published a steady stream of articles about the pandemic and its impact on the social sector. One of these was "Radically Adapting to the New World," which examined the different ways that organizations have significantly changed how they do their work.

So even during this crisis, please take the time to go to our website and explore the thousands of articles that *SSIR* has published over the years. You are sure to find something that will stimulate your thinking and help you and your organization not just survive, but thrive. **—ERIC NEE**

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SSIR SERIES

In **Rethinking Social Change in the Face of Coronavirus**, read insights gathered from social change leaders around the globe to help organizations face the systemic, operational, and strategic challenges related to COVID-19. In one article in the series, Tracy Palandjian and Paul Brest explore pay-for-success (PFS) principles and the opportunity that governments have to partner with impact investors and philanthropists to turn emergency spending into long-term impact: ssir.org/covid19.

With the epidemic testing our personal and organizational resources, it's an important time to explore the connection between inner well-being and effective social change in **Centered Self: The Connection Between Inner Well-Being and Social Change:** ssir.org/centeredself.

For organizations navigating upheaval in the world and in their operations, technology and data can serve as powerful allies. Read how in the Salesforce-sponsored series **Technology for Change:** ssir.org/techchange.

READER COMMENTS

Replacing Smart Talk with Smart Action

Jon Huggett and Dan Berelowitz call for social sector organizations to use less jargon and more plain words so they can reach shared understandings and act decisively together. To evade the smart-talk trap, they examine a number of terms that often generate confusing communication: scale; sustainability; innovation; collaboration; systems thinking; and diversity, equity, and inclusion (DEI).

READERS RESPONDED:

"The funny thing about jargon, though, is that it is hardly limited to business or philanthropy. Academia, government, law, and medicine are all rife with it. Especially now, as we struggle through a pandemic, we need more cross-disciplinary dialogue and action than ever. I wonder how we can figure out how to communicate better across our various fields while maintaining the precision of thought and language that we need to get our jobs done."

—*Robert Reid-Pharr*

"I would challenge the authors and say 'impact' should actually be the first jargon word up there for discussion and analysis. From 15+ years working on community development topics, 'impact' is thrown around as the ultimate aim for most. All the other jargon words in this article are meant in some way to usually achieve 'impact.'"

—*Nadir Shams*

"As Strunk and White noted in their concise book, *The Elements of Style*, clear communication admonishes us to 'avoid fancy words.' We all could benefit from replacing our own smart talk with everyday language. As the authors point out, smart action, whether you are working in a business or a nonprofit, is only possible when we truly understand each other."

—*Lorne Edward Harris*

Read more: ssir.org/smartaction

Closing the Evaluation Gap

In the Spring 2020 issue, Kim Flores wrote about the critical importance of evaluations to nonprofit performance, and pointed to shared measurement platforms as a way to address their prohibitive cost for individual organizations.

READER RESPONDED:

"How does this article apply to evaluation of advocacy programs? It seems like most of the principles are applicable only to direct service programs. It strikes me that, due to the fact that it's virtually impossible to causally attribute impacts to advocacy programs, it is necessary to hire an external evaluator to conduct contribution analyses to validate whether a nonprofit's activities actually did contribute to the observed outcome(s). I don't think that a nonprofit could credibly evaluate itself in this way." —*Nancy Chan*

Read more: ssir.org/evaluationgap

A 'Balancing Test' for Foundation Spending

Dimple Abichandani explores flaws in traditional approaches to foundation spending and explains how foundations can ensure that they consider their missions and other related factors in the process.

READER RESPONDED:

"This article does a fantastic job of underscoring and demystifying a critical role that every foundation trustee and president plays—determining spending policies and amounts. If we truly are to maximize the full potential of philanthropic vehicles towards social change, we must examine every part of it—how the grantmaking happens, how its assets are invested, how its spending policies are determined."

—*Vivian Chang*

Read more: ssir.org/balancingtest

New Technologies and Alliances Are Transforming Corporate Volunteering

Greg Baldwin argues that connecting the talent of the private sector with the needs of the social sector at scale can't happen without better digital solutions to bring them together. He explores an unlikely coalition of corporate social responsibility (CSR) leaders to make the case.

READER RESPONDED:

"As a volunteer manager working with corporate teams, I applaud VolunteerMatch for the insight and understanding of APIs. Currently I am posting our volunteer opportunities on four different platforms that could easily be integrated through APIs. Entering into a spirit of collaboration can build stronger relationships with volunteers, donors, corporations, and the platforms that serve them." —*Amy L. B. Dedow*

Read more: ssir.org/csrtech

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WHAT'S NEXT

NEW APPROACHES TO SOCIAL CHANGE

SOCIAL ENTERPRISE

Farm to Table Corals

BY NATASHA NOMAN

Coral reefs are among the most diverse and remunerative of the world's ecosystems. While they cover less than 1 percent of the planet's surface, they help sustain approximately 25 percent of marine species, and more than half a billion people rely on them for jobs, sustenance, and income. They also protect coastlines and harbor animals and plants with great medicinal potential for treating human diseases.

But these benefits are under threat. Over the last 30 years, half of all coral reefs have died, and scientists estimate that 90 percent could disappear by 2050. The oceans increasing acidity hampers coral growth and makes them more vulnerable to disease. Warmer water temperatures have led to coral bleaching; rising sea levels place coral farther underwater, making it harder for the coral's life-sustaining algae to get the necessary sunlight; hurricanes and cyclones, occurring with increasing regularity and strength, can rip up and damage reefs.

"Coral reef degradation is one of the most critical threats facing humanity and wildlife worldwide," Sam Teicher says. He and his business partner, Gator Halpern, endeavor to reverse this trend. Their organization, Coral Vita, focuses on reef restoration and seeks to incorporate local stakeholders and provide educational opportunities in the process. Through their for-profit company, they hope to create a marketplace for reef restoration. Coral Vita has attracted the attention of potential customers, such as ecotourism operators and cruises. And it earned tens of thousands of dollars in its early stages by getting individuals to adopt coral.

Land-based coral farming allows for breakthrough methods that unlock greater species diversity, accelerate growth rates, and strengthen resilience to climate change threats.

The company uses a pioneering technique called *microfragmenting*, which enables them to grow coral in land-based farms up to 50 times faster than they grow naturally—months instead of decades. Coral Vita harvests a coral colony and cuts it into fragments, triggering them to heal through reproduction. The pieces are then planted alongside each other in tanks, where they fuse back together. After cultivating the coral, the team transplants it into damaged or depleting coral reefs.

The company, which was founded in 2015, has one facility in Freeport, Grand Bahama, for which Teicher and Halpern raised just over $2 million to finance its creation and maintenance. They raised the money through a diverse combination of angel and impact investors and venture capitalists, ranging from Major League Baseball player Max Scherzer and his wife, Erica May-Scherzer, to the cofounders' alma mater, Yale University. But Hurricane Dorian in August 2019 set back Coral Vita's growth; while its infrastructure survived the storm's battering, the company lost all its coral, and new coral has since been replanted.

Coral Vita doesn't just endeavor to restore reefs. Because its land-based farms are more accessible than ocean reefs, they can also serve as education centers and ecotourism attractions. The company has partnered with the Grand Bahama Port Authority and Grand Bahama Development Company, as well as with leading institutes conducting coral research, such as Mote Marine Laboratory in Sarasota, Florida, and the Gates Coral Lab in Kaneohe, Hawaii. Coral Vita has played a role in policy advocacy, too, as a contributor to the United Nations' recent Nature-Based Solutions for the Climate Action Summit, an initiative whereby nature is used to mitigate some of the harmful effects of climate change.

The company has already launched its second round of fundraising, seeking another $2 million so they can expand their facility in Grand Bahama this year, with the goal of becoming the largest land-based farm in the world. After expanding their facility, they want to implement their model elsewhere in the world, too.

While Coral Vita's land-based farm offers unique benefits, it has its complicating factors. "The biggest drawback is space and scale," says Jessica Levy, reef restoration program manager at Coral Restoration Foundation, which primarily uses field-based farming in the ocean. "The scale that you can work at will always be limited in a land-based farm. You can only build on so much property. Field-based, your limit is the seafloor and the permits that you're working under."

Teicher also acknowledges that up-front capital costs for land-based farming—acquiring the equipment and building out the infrastructure—are considerably higher than those for field-based farming. But he contends that the Coral Vita farms become cost-effective as they scale. He also suggests that they are more easily scalable, both in terms of the business model and because land-based farms are protected from disruptions that many field-based farms are not. With "ocean-based farms,"

PHOTO COURTESY OF WEWORK

NATASHA NOMAN is a journalist who has worked as a writer, producer, and presenter for outlets such as *Mic*, *Bloomberg*, NBC, and *Brut America*. She is currently pursuing a Master of Philosophy in South Asian Studies at the University of Oxford.

YULA ROCHA is a Brazilian journalist and media consultant. After a decade as a US correspondent based in New York, she now reports from London.

he explains, "you have to dive to tend the corals, which takes time—not to mention if it's a bad day you can't get out there and get them."

Teicher also stresses that restoration is not a solution to climate change. "At the end of the day, our company shouldn't exist," Teicher says. "We shouldn't be living in a world where we have to grow corals to restore dying reefs. Ultimately the best thing to do is to protect them." ■

ENVIRONMENT

From Plastic to Pavement

BY YULA ROCHA

Soon, if you hit the road in central Mexico, you could drive on flexible plastic that otherwise would be in a landfill. The country claims to have paved the world's first federal highway made with modified asphalt, using 1.7 tons of postconsumer plastic—equivalent to around 425,000 items of plastic packaging.

The initiative comprises a mere 2.5-mile highway that connects the municipalities of Irapuato and Cuerámaro in the state of Guanajuato. Yet, as a response to the global epidemic of waste plastic, the "eco-road" promises to deliver much more.

The project was developed by a consortium led by Dow Mexico, part of multinational chemical corporation Dow, with the support of Mexico's Secretariat of Communications and Transportation (SCT) last October.

"This innovation was born precisely when trying to find a real and applicable solution for waste management—in this case, specifically for plastics," says Iván Trillo Minutti, the director of sustainability and packaging at Dow Mexico.

Standard paved roads are made of 90 percent rock, limestone, and sand. The remaining 10 percent is made from bitumen—an extract from crude oil—as binding. Unique to the Mexico project is the altered design and formulation of the modified asphalt with postconsumer plastic combined with flexible polymer—a chemical type of resin—to reduce the use of bitumen. This change aligns with the 2015 Paris Agreement goal to decrease the use of fossil fuels.

The new technology can also potentially prolong the lifespan of highways by 50 percent compared with those made of traditional crude oil asphalt, according to Dow Mexico, by reducing cracks and deformation and improving durability, stability, and strength.

On World Environment Day in 2018, the United Nations warned that each year more than 400 million tons of plastic waste are produced in the world, of which only 9 percent is recycled and 12 percent incinerated. In Mexico the problem is worse. According to the Universidad Nacional Autónoma de México, the country recycles or reuses only about 3 percent of all plastic.

Environmental NGOs argue that it is not enough to rely on recycling programs; rather, the production and consumption of plastics must be reduced overall. "A circular economy is not synonymous with recycling," says Miguel Rivas, oceans campaigner at Greenpeace Mexico. "Companies continue to sell their products in recyclable containers that will never be recycled."

Sergio Alonso-Romero, chief researcher at the National Council of Science and Technology of Mexico, does not see the plastic roads becoming a global trend. "The real trend is the search for alternatives to the use of plastic," he observes. "I think the eco-road is more like a response to the contaminating effect of plastic that brings environmental and image benefits to the company."

Nonetheless, there are 25 million miles of roads in the world, and if these can be paved using waste plastic—like the eco-highway in Mexico—crude oil usage can potentially be reduced by hundreds of millions of barrels.

While Dow's material is a unique blend of materials built on its own technology, similar initiatives using modified asphalts have already taken off around the world. India, the global leader in recycled-plastic roads, has built more than 1,500 miles of them since 2002. And the UK Department of Transportation has allocated £1.6 million ($2 million) to the Scottish company MacRebur to pave local roads with a modified asphalt that uses locally discarded plastic.

"What we want is that plastic road be a standard so when a road is repaved or a pothole is filled, it's not a question whether plastics are in there but part of the standard that plastics must be in there," MacRebur CEO Toby McCartney says. "That's what we are hoping for at the end of this trial."

Countries such as the United States, Mexico, New Zealand, and Australia have used crumbled rubber in their roadwork for decades. "But the challenge that they have with rubber is that rubber does not melt into the mix," McCartney explains, "and therefore [the rubber] creates the potential of microplastic being released back into the environment."

Road workers lay the world's first federal highway made with modified asphalt, in the municipalities of Irapuato and Cuerámaro in the state of Guanajuato, Mexico.

PHOTO COURTESY OF DOW MEXICO

WHAT'S NEXT

TRISH BENDIX is a writer and editor based in Los Angeles. She is a regular contributor to *The New York Times*, *Bustle*, and Condé Nast's *them*.

Dow Mexico, which is developing similar projects in Asia, Europe, and North America, did not disclose the cost of plastic asphalt compared with traditional asphalt using bitumen. But a study commissioned by the UK's Department for International Development has shown that the innovation could save about 11 percent of total cost, or $670/km.

"Analysis on incorporating this asphalting model on a big scale is still undergoing," Trillo Minutti explains. "Even though we can't share specific data, we can tell that our goal is to make this an affordable option in the market." ■

ARTS & CULTURE

The People's Platform

BY TRISH BENDIX

Wikipedia founder Jimmy Wales is hoping to solve America's social media problem with his new news-focused social network, WT.Social. The "WT" in WT.Social is for WikiTribune, as the platform is built upon subwikis—a forum within the greater wiki engine—that users participate in. As with Wikipedia, users can edit posts in real time, across wiki pages, and not just their own.

"The basic concept of WT.Social is to build a new type of social network that is fundamentally collaborative and that focuses on quality information," Wales says. "So in order to achieve that, we've built a new platform that's very different from social network platforms—almost all the posts are collaboratively editable."

Users on WT.Social can join groups and follow people, diving into subwikis like Winemaking, Leadership, or Crash Bandicoot. But it's different from networks like Reddit, Wales explains, in that these threads are not designed to be echo chambers where dissenting voices can be blocked or harassed.

"Each individual subreddit on Reddit is a fiefdom," he says. On WT.Social, he continues, "there are no fiefdoms. It's just like Wikipedia—nobody controls the individual articles on Wikipedia. You have to then face people who disagree with you [and] come to some compromise."

WT.Social remains a completely distinct enterprise from Wikipedia, Wales emphasizes. (Wikipedia is run by the nonprofit Wikimedia Foundation.) Still, the basic idea of giving users the opportunity to engage thoughtfully while providing an alternative to fake news and clickbait has fed into his new venture, and community administrators help ensure that everyone is playing fair.

"If somebody posts something that is not substantiated or from a low quote source, you can respond by editing or deleting it—much in the same way that you can in Wikipedia," Wales explains. "It's a very different model that really puts the tools in the hands of the community."

Anxieties about security and privacy that Facebook and Twitter users face will not be an issue on his new platform, Wales contends, because there are no investors, funders, advertisers, or sponsored content. The entire network is donation-based, just like Wikipedia, with users deciding how much they'd pay to spend time engaging on the site.

Jen Grygiel, a social media expert and assistant professor of communications at Syracuse University, says that the increase of options coming to the social media market helps counter the social media monopolies.

"When Wikipedia came to be, it was birthed out of the early internet and before we had these huge corporations with these walled gardens," Grygiel says. "So Wikipedia came from a different time, and now there's just like a lot of corporate interests that they have to compete with. So that's the struggle."

Since launching in October 2019, WT.Social has attracted 400,000 users—compared with Facebook's more than 2 billion—all without any money put into advertising or marketing. Grygiel calls it "the difference between a packed gymnasium and two people that show up to a cocktail party," which can be the experience some users want. Grygiel says that WT.Social's commitment not to sell user data is an admirable step up from other social media, but Wales will need to add more value to the product if they want to compete, for example, with Twitter—where journalists and news aficionados already converge to discuss the daily news. It might not be enough to be principled.

"[WT.Social] needs an exclusive draw," Grygiel says, "like when Howard Stern went over to Sirius Radio—any reason why you had to come there."

Luckily, that's exactly what Wales has planned as the next step. He says that this year WT.Social will roll out some VIP features highlighting public figures like politicians and journalists who have joined the network. Some, he says, are already there but can't be found.

"We're not doing a good job of actually exposing the best stuff on the platform," Wales explains. "So that's kind of our next phase in evolution."

WT.Social will never aim to compete with image- or video-based ventures—the site is text-heavy. The focus will remain on community-supported and -created news, and the kinds of fact-based discussions that he believes the world should and wants to have.

"We're not trying to be TikTok," Wales adds. "It's about quality information, and just as with Wikipedia, the quality of information has to be the real backbone of that. It's about understanding the world, exchanging information." ■

Local students install SeadPods at the Kingston YMCA Farm Project in Kingston, New York.

PHOTO COURTESY OF PLANT SEADS

CITIES

A Green Fix for Chain Link

BY LYNN FREEHILL-MAYE

The YMCA Farm Project in Kingston, New York, doses students, employees, volunteers, and buyers with a healthy shot of greenery. The farm's greenhouse is brightened by a mural of plants held by a group of racially diverse hands.

Its appeal, however, is marred by a surrounding chain-link fence that "is the source of a lot of consternation," farmer and project director KayCee Wimbish says. "It's cold [and] doesn't feel welcoming or alive. We have this beautiful farm and then this chain-link fence."

Bryan Meador noticed the coldness of chain link, too, while attending the Parsons School of Design in New York City. Having grown up a Cherokee descendant in Oklahoma, he found himself craving nature in an urban setting. A few years later, living upriver in the Hudson Valley town of Kingston, he devised a solution. In 2019, Meador founded Plant Seads—"Seads" stands for its design principle, "Sustainable Ecology / Adaptive Design"—to transform chain-link fences into walls of greenery. "I'm interested in establishing large-scale vertical gardens for spaces that have been overlooked," he says. "Not the brownstone backyard in Brooklyn, but an abandoned lot in the Bronx."

Meador designed the low-cost planters made of BPA-free recycled milk jugs to be mounted on fences in large groups. Each planter is 8.5 inches wide by 8.5 inches deep and stands 10 inches tall, holding a gallon of soil. He hopes they can serve like hedgerows in the British Isles—as property-marking boundaries that are also alive and productive.

What we call "chain link" is actually steel mesh, first designed in England during the Industrial Revolution to mimic a cloth's weave. It came to the United States in the late 19th century and gained popularity for being durable, see-through, and low-maintenance. But chain link also evokes cages and imprisonment, says Kenneth Helphand, a University of Oregon professor emeritus of

LYNN FREEHILL-MAYE is a Hudson Valley-based writer whose work often focuses on sustainability. Her writing has been published in *The New Yorker*, *The New York Times*, *The Washington Post*, *The Wall Street Journal*, and *CityLab*, among other outlets.

landscape architecture. "It's manufactured, it's standardized, it's not local, it's industrial—all things that we have ambivalence about as a design material," he explains.

The climate and human-health benefits of Plant Seads' planters are many: Plants can produce local veggies, purify air, and through exposure alone, help lower blood pressure. A beekeeper's son, Meador hopes his design can provide pollinator habitat when planted with flowers, too.

Initially, Meador raised $8,000 in pledges on Kickstarter last year. But he ended the public drive without taking any funds when he realized that the starting design—2 by 2 inches to fit in each diamond of chain link—needed reshaping to grow plants better. Since then, he has self-funded, estimating that his total personal investment will come to about $30,000, at which point he'll seek outside funding.

Meador perfected the design with Dan Freedman, dean of the School of Science and Engineering at SUNY New Paltz and head of the Hudson Valley Additive Manufacturing Center. They first 3D-printed a run of 50-plus prototypes before they developed an injection mold and found custom plastics maker Usheco to manufacture the planter.

Freedman was struck by the practicality of the design: "I garden, so I kind of know what's out there, and I've never seen anything like it."

Meador often walked by the Kingston YMCA Farm Project and reached out to Wimbish with his idea. This spring they've installed 50 planters, at a wholesale cost of $5 each.

They have yet to determine what kinds of plantings will do best. On the one hand, Meador would like to see vines such as honeysuckle and morning glories. On the other hand, veggies and herbs would produce food. Wimbish likes edible growth and hopes to try out climbing green beans or peas. Not only should the plants improve the fence's look, but also she can sell the veggies at market.

For Meador, success will entail large-scale municipal installations. He's finalizing pilot projects with upstate New York utility companies, as well as community gardens in Harlem and beyond. The installations haven't been made yet, but he's certain the societal need for his fix will only grow.

"As cities become more dense, we really need to take advantage of every inch of space," he says. "Injecting plant life into urban environments will be a major part of what makes the 21st-century city continue to be livable." ■

FIELD REPORT

PROFILES OF INNOVATIVE WORK

Microsoft's Community Empowerment Fund provided laptops to Taalcafé Middenmeer to teach immigrants the Dutch language.

Data-Centering the Community

To be a good neighbor, Microsoft supplements its data centers with local investments to boost economic and social development.

BY HEATHER BEASLEY DOYLE

As technology increasingly drives the global economy and daily life, the need for remote data storage is growing. Data centers, facilities that house computing and networking equipment, aim to meet that demand.

Integral to internet-dependent data centers ("the cloud"), physical data centers require massive amounts of water, power, and space to displace the immense amount of heat produced by the thousands of continuously running routers, servers, and other technical equipment.

They take up the size of "a couple of football fields, and [don't] employ [as] many people as other retail compan[ies]," says Microsoft Datacenter Community Development Program Manager Sonali George.

Construction on Microsoft's North Holland data center in Middenmeer, a town within the municipality of Hollands Kroon, began in 2013 and became operational in 2015. It's one of more than 100 Microsoft data centers throughout the world. Like many people who live near these data centers, North Holland residents initially "didn't know what the data center was," says Gary McLoughlin, Microsoft's regional Datacenter Community Development project manager in Europe, the Middle East, and Africa. In 2017, Microsoft launched a program to partner with its key data center communities to improve relationships with the communities they serve.

Data centers are "something that the tech industry is having to grapple with for the first time, because they are a new-ish business model," says Mary Fifield, a community development practitioner and consultant. When companies like Microsoft build data centers, they buy large swaths of land; the spaciousness of rural locations are ideal spots.

The consequence is that nearby communities lose natural land and resources. During construction, data centers initially boost the local economy because workers are hired to prepare the land and build the center. But, once operational, data centers don't need to employ as many people. As a result, they "can be perceived as a negative impact on the community, especially relative to the number of direct jobs that we create," says Mike Miles, who served as general manager for community and workforce development at Microsoft until his retirement in 2018. Between the environmental repercussions and the public relations challenges, data centers are a clear case for mitigation through corporate social responsibility (CSR) efforts.

Miles believed that pivoting CSR efforts away from a top-down approach in data center communities could improve the company's relationship with local residents. This idea came from a lesson he learned while volunteering with an NGO: He noticed that the people his NGO was trying to help didn't appreciate it when international volunteers arrived with preconceived notions of what would help the community. It occurred to Miles that asking communities for input about their needs would be more effective. So, in North Holland, the first step was to ask local residents and organizations for insight.

PARTNERSHIP, NOT CHARITY

Realizing this need, Miles quickly assembled a team, and Microsoft launched the Datacenter Community Development (DCCD) initiative in October 2017 in eight of its data center communities.

"This was really about creating a program that reflected the reality that communities have their own assets and the knowledge about what will work best for them, and that Microsoft could move into a different space in terms of working with communities where it's really much more of a partnership, as opposed to charity," explains Fifield, who assisted Microsoft with their data center community engagement strategy.

Microsoft's DCCD provides low-cost or free broadband, works on local environmental sustainability, and collaborates with community colleges on workforce development.

PHOTO COURTESY OF TAALCAFÉ

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The Community Empowerment Fund (CEF) is a critical component of the initiative. Established in 2017, it provides funding for existing social, environmental, and economic development programs in the community. In designing the CEF, Microsoft team members prioritized power-sharing, trust, and collaboration with its data center communities.

In CEF's first year, Microsoft awarded $1.2 million to 32 community organizations. Grantees included a science center in Des Moines, Iowa, and a student-led job readiness program in Dublin, Ireland. Reflecting their commitment to being good community partners, six of the beneficiaries were from municipalities within North Holland, one of the CEF sites.

With the first grant cycle, Microsoft deepened community coffers with financial contributions while establishing relationships with local organizations. The team then debriefed community members who had helped pinpoint local priorities and highlight potential grant recipients.

Based on feedback from communities in North Holland, Microsoft created a board comprised of employees and community leaders from CEF's local target municipalities, Hollands Kroon and Medemblik. Known as the Datacenter Community Advisory Board (DCAB), the group includes five voting members (three at-large community members, one Microsoft data center employee, and a local Microsoft corporate office employee), up to three nonvoting members, and one local youth representative.

The new board removed McLoughlin from the gatekeeper role as the sole liaison between Microsoft's CEF and the community by endowing more local groups and initiatives with greater decision-making power when it came to grantmaking. It also decided in 2018 to issue an open call for grants via the Microsoft Netherlands website instead of selecting organizations themselves.

From more than 175 proposals in DCAB's first funding cycle, Microsoft's governance council approved seven local projects, including a group of libraries known as Stichting KopGroep Bibliotheken, to teach children how to code; a program for Dutch-language learners; and a carbon-neutral scouting clubhouse that provides coding and robotics instruction to youth.

In CEF's first funding cycle, the North Holland nonprofit Lions Wieringermeer received €4,400 (approximately $5,000) for an event about environmentally friendly housing. Dutch bank Rabobank provided a matching grant. "[Attendees] came to the evening expecting that they had to invest 15, 20, or 30,000 euros to make their house sustainable," explains Lions Wieringermeer's secretary, Ben Tops. Instead, they discovered that small, inexpensive changes could shrink a home's carbon footprint.

While organizing the event, Lions members discovered a strong interest in sustainability among area high school students, so then-DCAB member Age Miedema nudged the club to partner with local schools, which Microsoft funding enabled them to do.

The new hub linking Lions, Rabobank, local schools, and local leaders meets another DCCD goal: to promote collaboration among community groups. McLoughlin created an intentional space for this by hosting a networking meet-up for CEF grant recipients and their guests. "It's [about] being able to bring people together and see if there's opportunities for shared value," he says.

McLoughlin visited grant recipient sites and held public sessions twice a year—known as Voice of the Community—to learn about the community's needs and how Microsoft can support them. Additionally, the gatherings give stakeholders a chance to share their views on what Microsoft does well, and how they can improve their support of the community. Voice of the Community represents a crucial aspect of the DCCB approach: listening. "I can't emphasize enough that it starts with that community listening and that interaction with the community, rather than just going in and trying to deliver projects that you feel are meaningful, but you don't really know if they're what's needed in that local community," McLoughlin says.

Tops says Microsoft's interest in partnering with local organizations surprised residents, particularly because the company initially kept a low profile. "We have a lot of big companies in this area, but none of them set up a program like this," he adds. He knows that self-interest is in the mix—that CEF improves public opinion—but thinks "it's fantastic." And he's not alone: Surveys conducted by Microsoft since CEF and DCAB launched indicate that North Holland residents see Microsoft as a good community partner.

COMMUNITY CUSTOMIZATION

George and her colleagues chose North Holland for the DCAB pilot because, she says, "there was already existing local leadership that ... we had good relationships with." And "they were already used to a culture where *they* make the decisions."

At the same time, community involvement includes challenges. Miles observes that it's been "very hard for us to make sure that our money or other contributions are actually being put to good use in the community." An effective tracking system remains "embryonic," he adds. Moreover, the DCAB model, from application review to getting to know local stakeholders and community, has not yet reached its ideal, streamlined form as a type of CSR. "It's a more time-consuming model than simply writing a check or doing something more transactional," Fifield says.

Nevertheless, Microsoft is scaling DCAB to other places with community endowment funds—Des Moines, Iowa, and Phoenix, Arizona, now have DCABs. The expansion has brought with it the realization that each community has its own culture, language, and ethos. "It was easy to think that they're all going to be roughly the same, and we're going to scale because of that similarity. But because they are all so unique, we had to rethink how we scale the program to rethink and honor their individual uniqueness," explains Miles.

As DCAB expands to the United States, the core of its value remains clear. "The creativity from the community about the community's needs far surpasses ours," Miles says. ■

FIELD REPORT

Ugandan barley farmers learn how to use the BanQu blockchain app on mobile phones.

PHOTO COURTESY OF AB INBEV / BANQU

Bank You

BanQu is pioneering a noncryptocurrency blockchain app to help the world's poorest people establish a verifiable economic identity.

BY SARAH MURRAY

On a trip to Zambia in 2018, Katie Hoard, Anheuser-Busch InBev's (AB InBev's) global director of agricultural innovation, remembers watching a smallholder farmer named Agnes receive a series of text messages: a receipt for her cassava sale, confirmation of payment to her mobile money account, and notification that her solar power bill could be paid from the funds now in her mobile money wallet.

Hoard was in Zambia for the rollout of the next phase of a technology platform that allows AB InBev, the world's largest brewer, to trace its purchases, help its farmers gain control over their finances, and ensure that the traders from which it buys commodities are paying farmers the right amount.

Agnes's sale was the first it had used to test the new system. With a simple mobile phone, she not only logged proof of her sales via blockchain—technology that makes data immutable, verifiable, and immediately available to anyone in a network—but also started to build the business track record needed to win supply contracts and secure loans.

"It was a really cool thing to see that it's a broader part of the digital ecosystem we're trying to build—and in the very first transaction we did, we saw proof of that," Hoard says.

AB InBev's technology partner is BanQu, a blockchain software company seeking solutions to extreme poverty. It is doing this in two ways: empowering the world's poorest people by giving them a verifiable economic identity; and selling a software service to global brands looking to cut supply chain costs, reduce post-harvest loss, and improve their social and environmental performance at a time when more consumers want to buy green and ethical products.

Early in its history, BanQu received grant funding from the Rockefeller Foundation. However, BanQu was established as a for-profit company. Its founder and CEO, Ashish Gadnis, argues that to achieve social progress at scale, BanQu can do far more as a for-profit company.

"For me, it's easier to walk into a CEO's office and say, 'I can make 15 percent more on your supply chain and drive your category sales on the consumer side—and by the way, you'll do some good in the world,'" he says. "It also allows me to not be the bleeding heart in the room. I don't need anybody's pity, because that mother in Congo doesn't need pity. She needs business."

BLOCKCHAIN'S ADVANTAGES

It was his experience in the development sector that prompted Gadnis—who grew up in a poor community in Mumbai, India—to create BanQu in December 2015.

Three years prior, in 2012, he ended a successful career as a technology entrepreneur, sold his last start-up to a global consulting firm, and joined USAID's volunteer CEO program in the Democratic Republic of Congo, where he worked for two years.

While there, Gadnis overheard a conversation between a female farmer and a local bank manager. "She wanted to open a bank account, but the local bank refused because she couldn't prove her harvest—she couldn't prove her existence in the supply chain," he explains. The manager then turned to Gadnis. "The guy said, 'I can't bank her. But I'll bank you.'"

This got him thinking about what prevented so many people from escaping poverty. "There are billions of people working in global supply chains producing coffee, cacao, or maize, or making your jeans and shoes," he says, "yet they are completely invisible."

In 2016, Gadnis and his cofounders, Hamse Warfe and Jeff Keiser, started developing technology that would provide smallholder farmers supplying global buyers with transaction records, enabling them to open bank accounts and access credit and other financial services. The phrase "bank you" became BanQu.

Gadnis is not alone in making the link between financial exclusion and poverty. From nonprofits and microfinance institutions to development banks, plenty of time and dollars have been directed toward providing the roughly 1.7 billion unbanked adults in the world with access to financial services.

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Nor is BanQu the only company using blockchain to increase the transparency of global supply chains. For example, Germany-based Minespider's open, interoperable blockchain protocol tracks shipments of raw materials to ensure that they come from mines that are free from child labor, corruption, human rights abuses, and environmental degradation.

"Whatever the claim is—whether it's fish not produced by slaves or a garment produced in a factory that's paying a living wage—blockchain use in the supply chain is all about this expanded ability to have traceability and transparency," says Jim Fruchterman, founder of Tech Matters, which helps social sector organizations use technology to solve problems.

Other technologies play a role, too. OpenSC, launched by the World Wildlife Fund and BCG Digital Ventures, the investment and incubation arm of Boston Consulting Group, uses technologies such as sensors and machine learning to help companies and consumers to verify whether a product has been sustainably and ethically produced.

"Technology can also help smallholders gain a bigger share of the profits from their products," says Ed Marcum, vice president of investments at Humanity United, which has invested in OpenSC through the Working Capital venture fund it launched in 2018.

For Gadnis, the first priority was to solve the lack of a system of identity for poor farmers and other suppliers. "And it wasn't an identity problem—it was an inability to prove your transaction identity," he says.

The power of blockchain lies not only in its ability to create immutable data but also in the fact that—unlike with a database—everyone in a supply chain shares that data.

"A database is always owned," says Hoard. "So, if we shift growing regions and, for whatever reason, we're no longer in that supply chain, the database goes with us. But the blockchain remains, and the farmer will always have ownership of that data."

Providing smallholders with an economic identity is not the only application of the BanQu platform. BanQu's customers include Japan Tobacco International (JTI), which is using blockchain to track the eradication of child labor in its supply chain.

The challenge for JTI was to link the impact of its ARISE (Achieving Reduction of Child Labour in Support of Education) program to the farmers from which it sources tobacco leaf. ARISE educates communities about the need to end child labor, helps families acquire the skills needed to find alternative ways of earning money, offers resources to schools and training to teachers, and helps inform governments in the design and enforcement of relevant laws.

Through the program, JTI has removed about 51,000 children from child labor. But it wanted to know how many of those were from families in its supply chain. With half of its tobacco sourced from countries such as Tanzania, Malawi, and Brazil, obtaining documentation such as birth certificates was a challenge. Blockchain offered a solution.

"With BanQu, we have designed the first fully digitized system that can track where a child is vulnerable to child labor in our tobacco-growing population and when that child is receiving a service from ARISE," explains Elaine McKay, social programs director at JTI.

"We document that in blockchain, and ARISE will tell us what services a child is being offered and if the child has been in school in the past 10 days," she says. "And the fact that the system is immutable means we have the security of knowing that no supplier is trying to change the reality on the ground."

BUSINESS FOR SOCIAL CHANGE

While efforts to reduce poverty and address human rights abuses have traditionally been led by foundations, nonprofits, and international development institutions, Gadnis believes that private sector supply chains offer the scale and speed needed to reach millions of poor and disenfranchised people.

"[Nonprofits are] doing amazing work. It's just that they can't make social change fast enough," says Matt Swenson, chief product officer for Chameleon Cold-Brew, a values-led coffee company that recently signed a contract to work with BanQu in Guatemala.

Moreover, as consumer demand for sustainable products increases, the business case for acting responsibly is becoming more compelling. "You're seeing some shift in consumers already," says Swenson. "They're voting with their dollars."

Using business to help solve big global problems is an idea to which Gadnis is firmly wedded. And his experience as a tech entrepreneur has informed the way he has developed the BanQu revenue model, which is similar to that of software-as-a-service companies such as Salesforce, SAP, and Oracle.

"We sell an annual license fee for subscription to the brand," he explains. "And the brand pays us for the connection points in their supply chain, either on the sourcing side or on the distribution side."

The company has two measurement metrics: annual recurring revenue (ARR) and the number of people in the "last mile"—the smallholder farmers, miners, and other workers at the end of global supply chains—that are connected to its technology. Its goal is to reach the 100 million mark for both by 2023.

While ambitious, BanQu's current trajectory suggests it might not be impossible. By the end of 2017, a year after launching, the company had $100,000 in ARR and 3,000 people connected in the last mile. In 2018, this rose to $706,000 with 145,000 people connected. And by 2020, with about 500,000 people connected, Gadnis was predicting revenues of $3 million to $4 million.

Moreover, mainstream investors are attracted to the BanQu model. "We've closed three rounds of funding and raised $4.5 million in the past three years," says Gadnis. "And it's been pretty much institutional and private investors who believe that return on investment with purpose is the way to go."

In fact, Gadnis is unequivocal in his belief that harnessing the power of the private sector can accelerate social change. "I want to set a new trend, honestly," he says. "I want to be a $100 million company; that is, a for-profit company that has enabled 100 million people to get out of poverty—that's never been done before." ■

FIELD REPORT

An innovative sandbar-cropping technique has enabled landless farmers in Bangladesh to grow pumpkins.

Driving Water-Scarce Food Solutions

Securing Water for Food supports entrepreneurial innovations aimed at helping farmers in developing nations maximize food production and minimize water usage.

BY ARIANE SIMS

As Bangladesh's annual monsoons give way to the dry season, vast sandbars surface as the rivers recede. Accessible from November until March, when they are swallowed by the returning rains, these sandy islands are, by all accounts, barren. But thanks to what local innovator Nazmul Chowdhury describes as a "Eureka moment," they are now carpeted with leafy green plants, punctuated by the unmistakable orange of ripe pumpkins.

Nearly 15,000 impoverished, landless farmers, most of whom are women, now cultivate this otherwise unproductive land by digging and filling holes with pumpkin seeds, compost, and manure, resulting in nutrient-rich food to eat and surplus to sell. Chowdhury notes that soon his inventive approach will "be replicated by at least two big government institutions" in other regions of Bangladesh and, later, "in Nepal, Bhutan, and India." It is projected to benefit millions of farmers, their families, and consumers throughout Southern Asia.

The success of this project, Pumpkins Against Poverty, in addition to dozens of agricultural innovations worldwide, is due to the support of Securing Water for Food (SWFF), one of 10 Grand Challenges for Development through which the United States Agency for International Development (USAID) and its partners address global issues.

SWFF—a collaboration between USAID and its Swedish, Dutch, and South African counterparts—functions as a hybrid incubator/accelerator. Its goal is to advance innovative products, techniques, and systems supporting water-wise crop production, in turn driving solutions to two of society's most pressing and interconnected issues: freshwater availability and food security.

With a global population projected to reach nine billion by 2050 and freshwater resources under threat from climate change, pollution, salinization, and depletion, producing more food using less water is critical to human survival. Yet, crop yields are declining around the world, particularly in more arid regions—further elevating the gravity of the situation and the urgency for more productive, sustainable farming.

PHOTO COURTESY OF SECURING WATER FOR FOOD

Developing nations are on the front lines of this crisis, which is why SWFF set out to support and scale innovations serving farmers in these communities. Now with 40 projects in 35 countries, SWFF has affected more than six million farmers and their families, produced more than six million tons of food, and enabled more than 19 billion liters of water to be efficiently captured and stored.

UNITING AID AND INNOVATION

In September 2013, USAID and Sweden's international development agency convened to identify the most pressing challenges ahead and concluded that freshwater access and efficient food production warranted their immediate focus. The two nations collectively committed $25 million in funding, creating SWFF to "help the world produce more food with less water," explains Ku McMahan, SWFF's team lead at USAID's Global Development Lab. In early 2014, the Dutch joined with another $7 million, and later that year South Africa came on board.

SWFF implemented a rigorous process to select its initial 30 winners from more than 500 innovators around the world seeking funds to grow and scale their projects. Depending on an innovation's maturity level, SWFF awarded either $500,000 or $2 million over the course of a three-year funding cycle to projects spanning the globe.

Rather than follow the traditional government aid model where grantees are provided funding and simply required to submit progress reports, SWFF looked elsewhere for inspiration: business incubators and accelerators. "SWFF was initially an experiment," McMahan explains, based on the belief that "grant funding alone was not going to help innovations move forward" but

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that the addition of "technical assistance and capacity building" could "speed up the rate at which they were growing and scaling and also reduce the number that were failing."

His hypothesis proved correct: about one in 10 development projects succeeds. In light of SWFF's novel approach—as well as its decision to condition the second and third years of funding on the innovators' annual customer growth milestones—SWFF leadership expected a success rate of somewhere between 30 and 35 percent. Remarkably, 65 percent of SWFF innovators either have met or are on track to meet all their milestones, and nearly all SWFF graduates are still operating sustainably.

What makes SWFF different from traditional aid models is what makes it so effective. To set up its innovators for success, USAID contracted with business management consultancy The Kaizen Company to manage SWFF's Technical Assistance (TA) Facility. It is a system designed to help innovators identify and access support to "overcome challenges that are inhibiting scale and revenue sustainability," says Kevan Hayes, SWFF's acceleration facilitator. The TA Facility and innovators work together, with USAID oversight, to determine what types of assistance "will be most valuable to the innovator[s] in achieving their goals," Hayes explains. Then, following a formal bidding process, local vendors are selected to aid innovators in a range of services, including branding, marketing, and sales strategies; business model development; and strategic expansion planning.

This sustained, targeted support has proved effective for SWFF innovators. For example, Chowdhury's Pumpkins Against Poverty project initially relied on a charity-based funding model. The TA Facility identified a business and organizational model that, according to Hayes, "would give the [project's] pumpkin grower association the best opportunity to run a revenue sustainable operation and decrease its dependence [on] financial support." This shift was transformational for Chowdhury, now a SWFF graduate who has identified dozens of other high-value crops that can be cultivated under similarly challenging conditions.

South Africa-based computer scientist Muthoni Masinde attributes the success of her drought early-warning system, Information Technology and Indigenous Knowledge with Intelligence (ITIKI), to SWFF. Before SWFF, Masinde's self-financing limited her deployment of ITIKI to her own people, the Mbeere in Eastern Kenya. Masinde's $500,000 SWFF award, coupled with a branding, sales, and marketing strategy, has enabled ITIKI to expand to South Africa and Mozambique, and is now, she reports, in "the early stages of franchising."

One of SWFF's greatest success stories to date takes place in and around West Africa's Sahel region, where farmers face a serious predicament: There are no wetlands, they know little about water technologies, and there is very limited access to capital. Armed with $2 million in SWFF funding and assistance in developing its business model and forging the most viable paths to its target customers, SkyFox Ltd.'s integrated aquaculture and crop production system now leases ponds and land to farmers in Ghana, Burkina Faso, Sierra Leone, Guinea, and, soon, Liberia.

In just two years, SkyFox helped produce nearly 70,000 tons of catfish and vegetables, serving close to 75,000 people. The program has so profoundly benefited its extremely poor, female-majority customers that SkyFox has recently been invited by the Ghana Securities and Exchange Commission to list on the nation's alternative stock exchange (the Ghana Alternative Market) for small and medium enterprises. Deputy CEO Oliver Ujah acknowledges SWFF's assistance in "helping to facilitate the partnership and buy-in of relevant government agencies"—relationships that will likely prove invaluable to SkyFox's dream of being "able to replicate [its system] in every country in West Africa in the next five to 10 years."

AMPLIFYING GLOBAL IMPACT

Seven years after the SWFF experiment began, McMahan is enthusiastic about the launch of a new Grand Challenge for Development, Water and Energy for Food (WE4F). Featuring a more robust $61 million budget due to additional funding commitments from Germany and the European Commission, WE4F will build on the successes of SWFF—which is nearing completion—and capitalize on what McMahan considers "lessons learned" to amplify global reach.

For example, recognizing that "being more local is more effective" and "leads to more rapid scale," McMahan reports that one key new feature will be the addition of "Regional Innovation Hubs" in strategic locations in West Africa, East Africa, the Middle East, and Southeast Asia. A primary goal of these hubs is to promote a more responsive, effective TA Facility by virtue of being closer to the ground and more ensconced in the served communities.

The regional hubs will also foster progress at a higher level. McMahan acknowledges that "as donor governments, we have a role to play." By working locally, he says, "we will be able to do more" from a "policy and advocacy" perspective, and ultimately "have a lot more impact."

Another way that WE4F will expand SWFF's global footprint is by funding and accelerating more mature innovations that are ripe for rapid scaling and external financing. That a number of SWFF innovations—including ITIKI and SkyFox—will receive WE4F's next-level support underscores SWFF's legacy.

So too does the continuing impact of SWFF innovations around the world. For example, the once landless farmers growing pumpkins on Bangladesh's temporary sandbars have, according to McMahan, experienced "significant movement … out of poverty" and have been able to purchase land, start new businesses, and educate their kids. In fact, he reports, interviews with more than 500 farmers around the world "consistently" show "that when farmers make more money," they "often spend it on putting their kids in school."

With WE4F poised to scale up SWFF's impact, the next generation of innovators are on the horizon. ■

FIELD REPORT

Children in Delhi, India, participate in a digital book story time as part of the Read to Kids program.

Scaling Story Time

An adaptive learning approach bolsters a unique partnership that has changed the way parents read to their kids in hundreds of thousands of households across India.

BY JENNIFER BALJKO

Throughout early 2018, Ruhi would often give her parents a hard time about going to day care and refuse to go, recalls Sapna Roy, a day care center facilitator in the Mahavir Enclave of Delhi, India.

"It was a daily struggle to convince her to come to the center," Roy says.

But then something shifted. Ruhi began showing up at day care every day. She arrived early and eager, excited about story time, coloring worksheets, and watching puppet shows.

What sparked the change? That year, the Read to Kids program expanded from pilot testing with parents and child caregivers to day care centers in India. The power of reading—adults reading to children via a mobile-phone app filled with hundreds of books—ignited a love of learning in Ruhi and hundreds of thousands of other children like her around Delhi.

Roy says Read to Kids has had a significant impact on children such as Ruhi. Absenteeism dropped, because children did not want to miss story time. Children expressed themselves more than before, and the dynamic book-reading interaction anchored reading habits in the classroom and at home.

Ruhi's newfound love of books is what global learning company Pearson, literacy advocate Worldreader, and global development partner Results for Development (R4D) hoped for when they created the Read to Kids India pilot program in 2015. The pilot reached 203,000 households around Delhi in its two-year run, and its success is driving the program's expansion to other parts of India, Jordan, Peru, and the Middle East-North Africa region.

From their decades of collective experience, the organizations knew that making children lifetime readers takes patience and persuasion. But they learned from the Read to Kids program that encouraging parents and child caregivers from low-income communities to read to young children is especially challenging in countries without an established culture of reading books.

"This project was the first time ever that someone was trying to see how mobile phones can be leveraged to change parents' behaviors, and to encourage more parent-child interactions and more reading to children," says Annya Crane, global program manager and behavior-change management specialist at San Francisco-based Worldreader.

The Read to Kids pilot found success by forging a diverse partnership of international and local organizations; maintaining a strong focus on changing behaviors; and applying a blended, cross-sector development approach built on the willingness to continually learn, pivot, and adapt.

PHOTO COURTESY OF WORLDREADER

A GLOBAL NETWORK

The Read to Kids India pilot stemmed from Pearson and Worldreader's shared interest in increasing global literacy and delivering cost-effective access to books in places where they are hard to find.

The worldwide explosion of digital devices has allowed these organizations to reach even more children. Worldreader estimates that 250 million children in low- and middle-income countries start school unprepared for learning. It hoped that enabling parents to read to their children could give these kids an advantage in school and in life.

Pearson and Worldreader, which previously teamed up to make Pearson's content available in Worldreader's e-reader programs in schools and libraries across Africa, extended their relationship in early 2015, with the goal of increasing literacy in India.

The organizations focused on transforming India's ubiquitous mobile phones into mobile libraries loaded with hundreds of digital books. They wanted to discover how parents could use their phones to read to their children, and to encourage new ways to improve their children's school readiness. Worldreader estimates that many children in India are unprepared for school; 57.5 percent of children in grade three are unable to read grade-one-level texts.

Pearson, the project's main funder, provided Worldreader with approximately $1.4 million for the two-year pilot from 2015 to 2017, plus an additional $600,000 for the program's expansion in 2018 and 2019. Worldreader, which also fundraised about $250,000 for the project and dispersed those funds between 2015 and 2019, was the principal program designer and technology provider, offering its

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digitized content portfolio and experience of creating digital readers in 51 countries. A majority of the Read to Kids funding was allocated to the behavior-change campaign and the mobile-app development.

Results for Development, a Washington, DC-based nonprofit, joined Pearson and Worldreader in May 2015 to oversee monitoring and evaluation. Pearson paid the nonprofit $240,000 to serve as Read for Kids' evaluation and learning partner from 2015 to 2017.

"From the beginning, we were each invested in making sure this project led to real impact on the ground for families while also generating deep learnings for the global literacy community so that the project could be replicated in other places," says Jennifer Young Perlman, Pearson's director of innovations and partnerships.

Once it had lined up the main partners, Worldreader began developing the Worldreader Kids app in mid-2015 to create a child-friendly interface that turned phones into reading devices. The app, which went into beta testing in 2016, contains a culturally sensitive, age-appropriate digital collection of 550 children's storybooks in Hindi and English, which parents can download through an internet connection. Worldreader sourced the books from 34 local and international publishers, including Pearson, Pratham Books, Katha, Tulika, and Eklavya.

CREATING A READING CULTURE

During the pilot program, the local and international partners targeted literate or semiliterate parents in low-income communities who had smartphones and sent their children to low-cost schools. The organizations wanted to learn how these parents used their mobile phones and how the country's storytelling tradition could strengthen reading habits.

The organizations also partnered with several Delhi-based creative, development, education, government, and health-care organizations, such as Society for All Round Development (SARD) and Hindustan Latex Family Planning Promotion Trust (HLFPPT), to better understand phone usage patterns, determine which families would most likely participate, and how best to communicate the central message that "today's story is tomorrow's preparation."

The team got its first set of findings in late 2015 to early 2016 through initial planning meetings and three months of field research that involved data collection and child caregiver interviews and surveys. They learned some surprising things. For instance, they lacked a common vocabulary—even for "read" and "reading." In Hindi, the words *padhna* or *padhai karna* mean to read or study, but they refer to academic work. The idea of story time and reading for the literary development of young children is absent in most Indian households.

"There's a big culture of oral storytelling in India, but it is not a culture where reading books to kids for fun at home is the norm," says Molly Jamieson Eberhardt, R4D's program director. "We realized early that parents who took our survey translated 'reading with children at home' as supervising homework, which wasn't the behavior we were trying to encourage and wasn't relevant for our target age range of 0 to 8 years old. It wasn't a mistranslation; it was a cultural translation."

The words associated with India's deep oral storytelling tradition were a better option. Using the Read to Kids app to "tell stories" became a major focus of the behavior-change work that followed.

Essentially, each new insight was a chance to reassess previous assumptions, pivot when the data deviated from the team's expectations, and realign goals for the next phase. This technique—the cornerstone of R4D's adaptive learning strategy—became the foundation that helped Read to Kids flourish.

This iterative approach was a great success. "We were able to introduce data-based decision-making capabilities through a learning-lab approach with our partners," says Wendy Smith, Worldreader's director of education programs. "It helped them think quickly about how to adapt the program to better engage parents and child caregivers."

Additionally, quarterly learning checks proved to be tremendously valuable. Meetings face to face every three months with the main local partners—SARD, HLFPPT, and Katha—produced significant insights about how users were shifting reading behaviors, how they were sharing stories with children, and what challenges they had in using the app.

"Community engagement is hard. Behavior change is hard. And this kind of behavior-change project had never been tried before," says Luke Heinkel, R4D's senior program officer. "We didn't know what outcomes to expect, but we agreed to be rigorous in how and what we could learn."

By the pilot's end, Read to Kids directly supported 15,000 families from 177 low-income Delhi communities via app-usage training sessions in one-on-one and small group settings. The regional mass media campaign and behavior-change messaging, which reached an estimated 17 million people, attracted another 188,000 app users. Nearly 7,000 households became "frequent readers," reading from the app at least four times per month—an indicator for reading-habit creation and behavior change, according to Worldreader's project report.

"If we had gone into the project with the ambition to scale Read to Kids before we even understood firsthand what the key barriers were to early reading and whether mobile technology could overcome those barriers, then we would have missed important steps in our learning cycle and would not have been able to successfully replicate the project in more communities within India or even other countries, like Jordan," Young Perlman says.

This holistic approach of working both in communities and with parents led to the launch of Worldreader's Tuta Tuta pilot in Jordan in 2017, which reached more than 50,000 refugee or conflict-impacted families. Built on the Read to Kids findings, Tuta Tuta showed how regular reading and select books addressed the social and emotional needs of children in crisis situations.

"Social and emotional learning is now mainstreaming across Worldreader programs," Smith adds. "Our learnings from Jordan illustrated that many parents perceive a strong emotional benefit to reading to children and are seeking books to support this." ■

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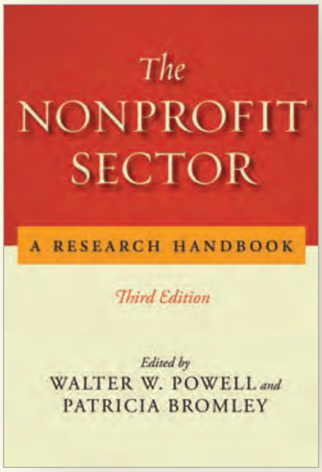

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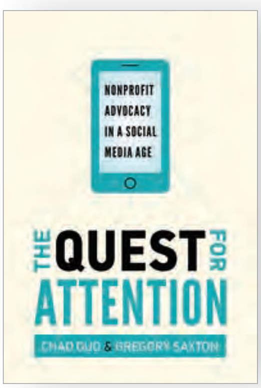

The Quest for Attention

Nonprofit Advocacy in a Social Media Age

Chao Guo and
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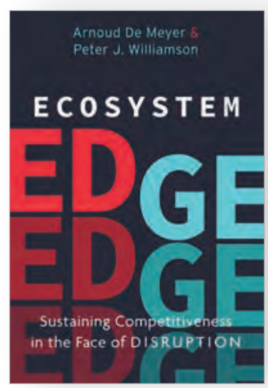
FORTHCOMING IN JULY



Ecosystem Edge

Sustaining Competitiveness in the Face of Disruption

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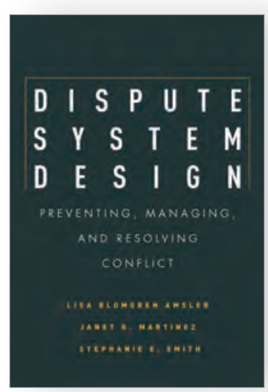

Dispute System Design

Preventing, Managing, and Resolving Conflict

Lisa Blomgren Amsler,
Janet K. Martinez, and
Stephanie E. Smith

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CASE STUDY
AN INSIDE LOOK AT ONE ORGANIZATION

The Dawn of Responsible Finance

Since the Great Recession, leaders in finance and investing have launched efforts to make their industries more equitable, sustainable, and socially productive. Today the world confronts an economic crisis sparked by the COVID-19 pandemic. Has the fight for financial reform found its moment?

BY SARAH MURRAY

The message was clear: "GREED KILLS." These were the words emblazoned on the placard worn by a masked protester, one of many gathered in front of the New York Stock Exchange in 2008. It was October, and the demonstrators were outraged at a proposed government bailout of Wall Street banks. The following year, in the heart of London's financial district, violence broke out as protesters fought with riot police on the streets around the Bank of England and the Royal Bank of Scotland headquarters. Effigies of bankers hung with ropes around their necks amid cries of "Kill the bankers!"

The 2008-2009 global banking crisis and the Great Recession that followed was a watershed moment for the sector. Some of the world's biggest financial institutions were on the brink of collapse. Regulators and journalists were revealing just how much illegal and unethical behavior had been going on in the banking sector. And aside from the demonstrations, broader confidence in the financial system was declining rapidly.

The crisis brought reforms in its wake. Not only did governments pass regulatory measures to prevent a recurrence, but the banking sector itself started to shift. These reforms were driven not by regulators but by clients—asset owners such as pension funds, sovereign wealth funds, foundations, family offices, and high net worth individuals—all of whom were starting to demand investment products that not only generated a financial return but also created a positive impact on society and the environment.

As a result, roughly a decade on from the financial crisis, staggering sums of money were being put into sustainable and impact investing portfolios that were made up of stocks for which ESG (environmental, social, and governance) factors—from climate mitigation and water conservation to social inclusion, gender equality, and ethics—guided investment decisions. In the United States alone, socially responsible funds attracted a record $21 billion from

Wall Street in New York City stands empty on March 24, 2020, as people stay away from the area due to the COVID-19 pandemic.

investors in 2019, almost four times the figure from 2018, according to financial research firm Morningstar.

Of course, although sustainable finance grew rapidly in this period, it fell short of bringing about a complete market transformation. While almost $31 trillion of assets under professional management globally in 2018 were sustainable investments—which consider ESG factors in portfolio selection and management—this was still tiny considering the $300 trillion in the global financial system. And as of July 2019, only 23 major banks had a sustainable finance target (public, time-bound commitments to make capital available for climate and sustainability solutions), according to the Green Targets Tool, developed by the World Resources Institute (WRI) to analyze the world's 50 largest private-sector banks.

Meanwhile, in their commercial or retail banking operations, which offer deposit accounts to individuals and small businesses, large banks continued to provide the same services they had always offered with little attempt to use social or environmental performance to attract new account holders or differentiate themselves from their competitors. And while over the decade more and more "conscious consumers" were starting to demand that their coffee, seafood, apparel, and other products come from ethical and sustainable sources, few consumers questioned what kinds of projects were being financed by the loans that banks made with their deposits.

Nevertheless, the decade ushered in tangible signs of change in the sector. Sustainable retail banking pioneers expanded steadily. During the financial crisis, Triodos, the Dutch ethical bank established in the 1960s, demonstrated how sustainable banking could prove more resilient to financial shocks. During the crisis, while mainstream banks struggled to survive, Triodos posted results that were equal to or exceeded its precrisis performance, with its assets under management rising by 13 percent in 2008 and by 30 percent in 2009. The bank had more than €12 billion ($13 billion) on its balance sheet in 2019, up 11 percent from the previous year. By 2019, the 62 financial member institutions of the Global Alliance for Banking on Values (GABV)—a network of financial institutions and nonbanking partners created in 2009 by a group of sustainable banking leaders that included Triodos CEO Peter Blom—were collectively serving more than 67 million customers and held more than $200 billion in assets under management.

Meanwhile, new types of banks—ones that put the principles of ethical and sustainable development at the heart of their operations—were also growing in scale. By 2018, California-based Beneficial State Bank—created in 2007 by Kat Taylor and her husband, billionaire philanthropist and former US presidential candidate Tom Steyer—had 27,600 deposit accounts, $806 million in deposits, and $1 billion in total assets. In 2019, Aspiration, an online values-driven consumer bank launched in November 2014, tripled its number of customers and by early 2020 had about 1.5 million account holders. And while institutions such as Aspiration and those in the GABV collectively represented assets in the billions of

PHOTO BY SPENCER PLATT / GETTY IMAGES

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dollars, rather than the trillions in big mainstream banks, their voices were growing louder. "We're small but mighty," says Taylor.

What was clear by early 2020, as the COVID-19 pandemic shook the world and promised an economic downturn worse than any seen in decades, was that a significant mood shift had been working its way through investment banking and was beginning to influence retail banking. The question was whether the sustainable finance momentum could be maintained—and even whether an environmentally conscious stakeholder approach to finance and banking might allow capital markets to weather the storm and help the global economy recover more quickly.

MOVES IN THE WORLD OF BIG MONEY

In January 2020, Larry Fink, the CEO of BlackRock, wrote in his annual letter to CEOs that the firm would henceforth apply the same analytical rigor to ESG factors as it did to traditional metrics such as liquidity risk and creditworthiness. As leader of the world's largest asset manager, holding almost $7 trillion of the world's investment dollars, Fink made waves in the business and investment community with his missive. This commitment followed another by the CEO of one of the world's biggest banks, David Solomon of Goldman Sachs, announcing a decade-long goal of directing $750 billion of its financing, investing, and advisory work to nine areas focused on climate transition and inclusive growth.

Banks that shifted more of their activities into sustainable development were responding to a number of powerful forces. Awareness of the climate crisis and its potential economic losses was growing. (In the United States alone, some researchers pegged this at hundreds of billions of dollars a year by 2090.) And international accords such as the 2016 Paris Agreement on climate change and the United Nations' Sustainable Development Goals (SDGs)—commitments made by UN member states in 2015 to eliminate poverty and inequality and take dramatic steps to address climate change and protect natural resources by 2030—provided a rallying point for many in the financial sector.

"The adoption of the SDGs and the Paris Agreement created a boost in thinking in the financial industry about social alignment, the purpose of a company, and how to connect with the real economy," says Kees Vendrik, chief economist at Triodos. "I see a lot of things happening in the mainstream financial industry in the Netherlands on the climate issue, for instance, with really impressive steps taken recently to understand the CO_2 [carbon dioxide] footprint of all their portfolios and to figure out how to be a financial institution with portfolios that have a low carbon intensity."

Bank clients were another force driving change in the financial sector. Starting in the 1970s, investors began asking their asset managers to remove "sin stocks" such as tobacco producers and gun manufacturers from their portfolios and to select investment targets from among companies rated for their performance in areas such as energy efficiency, human rights, and labor rights. This demand took on a new form in 2007, when the Rockefeller Foundation convened leaders in finance, philanthropy, and development to figure out how to "build a worldwide industry for investing for social and environmental impact." They coined the term *impact investing*—the practice of investing in companies established with the primary purpose of solving a social or environmental problem while also generating revenue or making a profit—and in the following year, as the global financial crisis peaked, Rockefeller committed $38 million to its new Impact Investing Initiative.

By the end of the next decade, demand from clients to invest for impact had ramped up significantly. In 2018, for example, a UBS survey of more than 5,300 wealthy investors found that 39 percent currently had sustainable investments in their portfolios and 48 percent said they would in five years' time. Some 81 percent said they aligned their spending decisions with their values. The same year, 84 percent of asset owners surveyed by Morgan Stanley said they were "actively considering" integrating ESG criteria into their investment processes, and almost half said they were doing this across all their investment decisions. "It's now almost impossible to compete for an asset management mandate if you don't have strong ESG or sustainable solutions to offer," says Martin Whittaker, founding CEO of JUST Capital, which ranks companies by how they treat stakeholders.

For banks, these numbers point to one thing: an attractive market opportunity—something that has not gone unnoticed. To capitalize on the demand, institutions started appointing heads of sustainability and setting up units dedicated to sustainable and impact investing. In 2017, for example, Credit Suisse established an Impact Advisory and Finance department to bring all the bank's activities in sustainable and impact investing under the same umbrella. And in July 2019, Goldman Sachs created a Sustainable Finance Group within the bank to focus on impact investing and the financing of sustainable commercial projects. "We were getting deeper, more fundamental questions on ESG and sustainable finance, from the senior-most decision-makers at many of our largest clients and from senior colleagues around the firm," wrote John Goldstein, head of the new division, in a LinkedIn post at the time of the launch.

To meet client demand, these units started developing a wide range of sustainable and impact investing products—from green bonds to investments that fund affordable housing—in a number of asset classes, from equity to fixed income. And while the banks often talk about these investment products as part of their commitment to protecting the environment and society, they also represent a significant new revenue stream, which some suggest could spark a backlash. "Big banks see sustainability through a customer proposition lens as another business opportunity," says Martin Rohner, the incoming executive director of GABV. "And as soon as you look at it like that and you're not switching your entire business model to something more sustainable, there's a risk of greenwashing."

Research from the WRI suggests that this may be the case in many banks. Not only did its Green Targets Tool find that about

A masked protester joins a rally against corporate crime and the federal bailout of Wall Street banks in front of the New York Stock Exchange on October 16, 2008.

PHOTO BY FRANCES M. ROBERTS / ALAMY

half of major banks lacked a sustainable finance target; it also found that, between 2016 and 2018, even those that had set targets were still making investments in fossil fuels at an average of almost double what they were targeting in sustainable investments. Only seven banks had annualized sustainable finance targets that were larger than the amount of finance they were making available each year for fossil-fuel-related transactions.

Another study found that between 2016 and 2018, 35 major banks from Canada, China, Europe, Japan, and the United States had collectively poured $2.7 trillion into fossil fuels in the two years since the Paris Agreement was adopted. To put it into perspective, Taylor cites the billion-dollar sustainability commitments that the banks made in Paris. "If you're a $2 trillion institution, $2 billion is an error term," she says. "These are consequential institutions in a massive industry that's very powerful in driving societal outcomes, and we need to get it right."

Of course, a full turnaround of the juggernaut that is the financial system—with its short-term thinking and focus on shareholders rather than stakeholders—was still some way off. Nor would transforming the asset management side of the business ever be easy, given that institutions invest on behalf of their clients and must meet their needs, even when those clients continue to want to put their money into fossil fuels. Another obstacle was impact measurement, which remained highly fragmented with few agreeing on standards or metrics. Nevertheless, in the way that financial services providers put together their investment portfolios and loan strategies, new ways of thinking were starting to take hold.

THE POWER OF COLLECTIVE CLOUT

In 2009, representatives from 10 banks met in the Dutch town of Zeist to launch an organization with a mission to promote alternatives to what was then a failing banking system. Hosted by Triodos, the meeting marked the launch of GABV. "At the time, the banking sector was being hammered by the general public about its performance and its behavior in terms of ethics," Rohner says. "So a series of banks came together to show that not all banks are the same, and there are actually banks that have clear values." The idea, he says, was to create an organization that could make the case for values-based banking, that could provide a role model for other banks, and that could give the responsible finance movement a bigger voice than its members could have individually.

GABV grew out of a series of conversations between Peter Blom, Triodos CEO, and sustainable banking leaders such as Mary Houghton, then the head of Chicago-based ShoreBank, the largest certified Community Development Financial Institution (CDFI) in the United States and an institution that, until it closed in 2010, made more than $4 billion in mission investments (which prioritize social impact) and financed more than 59,000 units of affordable housing. Also participating in the discussions were the late Fazle Hasan Abed, founder of BRAC, the Bangladesh-based microfinance social enterprise, and Thomas Jorberg, CEO of Germany's GLS, a bank founded in 1974 that uses customers' money to support projects and businesses making a positive social or environmental impact. "They felt it was time to create a network of the frontrunners that place purpose before profit," Rohner says.

Now made up of 62 financial institutions and 16 strategic partners, GABV has member banks in Asia, Africa, Australia, Latin America, North America, and Europe, with members ranging from Amalgamated Bank, which is labor-owned and serves local unions and their pensions in the United States, and Vancouver-based Vancity, a member-owned financial co-operative, to Bank Muamalat, a socially responsible Malaysian bank, and Banco FIE, Bolivia's largest microfinance institution.

GABV has strict membership criteria. Banks that do not meet GABV's standards cannot fully join the network. If a bank is working toward meeting its standards, it can become an associate until GABV determines it has met them. "We had a situation where a bank was bought by another bank," Rohner says. "The new owners were no longer in line with our mission, so we decided we had to go separate ways."

To assess banks on their positive contribution to society, it uses a scorecard that tracks how they are providing money to clients active in the real economy (the nonfinancial elements of the economy) and generating positive social, environmental, and economic benefits. While this process is not verified through a third party, members are asked to report to GABV using the scorecard, along with all information sources needed to back up the statements submitted.

As advocates for values-based banking, GABV representatives from member banks speak at global institutions such as the European

Parliament and the World Bank. GABV also makes the case for values-based banking by conducting research. For example, it produces regular data on how ethical and sustainable banks that are closely linked to the real economy are potentially more resilient than the world's largest banks.

Its 2018 annual report makes for compelling reading. Comparing the performance of the world's largest banks—which GABV refers to as "global systemically important banks," or GSIBs—with that of values-based banks and banking cooperatives (VBBs), it found that from 2008 to 2017, VBBs grew faster than GSIBs in activities such as loans (by more than 13 percent versus 4.3 percent), deposits (by more than 12 percent versus 5.6 percent), assets (by almost 12 percent versus just under 3 percent), equity (almost 13 percent versus just over 8 percent), and overall income (by more than 7 percent versus less than 2 percent). It also found that in relative returns on equity (a measure of volatility), VBBs were more stable over the 10-year period. "The traditional banks have more volatility," Kat Taylor says. "At certain times they earn much more money, but sometimes they crash. That's a statement of value to society that it would be better to bank with GABV banks, because there's an inherent value to stability."

GABV is not alone in recognizing the power of collective action. In September 2019, the United Nations launched the UN Principles for Responsible Banking; 170 banks are members, representing more than $47 trillion collectively in assets. Signatories are required to "publish and work towards ambitious targets" on six principles. These include alignment with the United Nations Sustainable Development Goals, the setting of targets for positive impact, engaging with stakeholders, and promoting transparency and accountability. "We have one-on-ones with banks every year to make sure they are making progress and are in line with their commitments," says Simone Dettling, banking team lead for the United Nations Environment Programme Finance Initiative, which works with global financial institutions to fund sustainable development and which developed the principles. "And banks can be removed from the list of signatories if they are not delivering on those commitments."

While Dettling argues that banks can make the biggest impact on problems such as climate change through the large corporate clients they serve, she also sees opportunities in retail banking. She cites the design of mortgage and loan products that help make housing more affordable and enable homeowners to invest in sustainable products and services such as solar panels and home insulation. "That has a significant impact on climate through increased energy efficiency as well as a positive social impact by providing affordable housing," she says.

Investment banks have also seen the value in joining forces. For example, the United Nations Principles for Responsible Investment (UNPRI) helps its network of investor signatories to incorporate ESG factors into their investment decisions. The UNPRI has been attracting new members since it launched in 2006, with a more than 20 percent rise in numbers in 2018-2019 to almost 2,500 signatories in 2019. In Europe, meanwhile, the Institutional Investors Group on Climate Change is a network of more than 230 members in 16 countries (mainly pension funds and asset managers with more than €30 trillion [$33 trillion] in assets under management) that focuses on harnessing private capital to accelerate the transition to a low-carbon economy.

In advancing sustainable finance, Taylor argues, the collective approach can be effective (Beneficial State Bank is a GABV member), particularly given the smaller size of the world's sustainable and ethical banks. "As an example, at our bank we're a billion dollars in assets. But the biggest banks in the system are $2 trillion—and there's a lot of zeros between a billion and a trillion," she says. "Some of the banks in GABV are €20 billion ($22 billion) in assets, so we're still not going to equal even one of the biggest banks. But [collectively] we get to the tens of billions of dollars, which is important. So we have more influence by banding together."

She also points to work being done by NGOs and activist groups to scrutinize bank behavior. For example, Netherlands-based campaign group BankTrack uses detailed annual reports to document the activities of banks and what they finance to prevent them from funding harmful business activities and evaluate their performance in areas such as climate action and human rights. "There's a lot of rhetoric around banks cleaning up their act around fossil fuels and being nicer to their employees," Taylor says. "But we have to hold them to account—because they don't have a strong record of adhering to it."

NEW MODELS FOR THE CONSCIOUS CONSUMER

Given the relatively small number and size of responsible financial institutions, coalitions and collaborations remain critical. Also small is the number of retail banking consumers pushing for more ethical and sustainable banking through their choice of deposit and savings products. While consumers could drive change, their understanding of the role their money can play in tackling social and environmental problems is not yet widespread. But the seeds of a conscious consumer-banking revolution also started to sprout in the wake of the 2008-2009 global banking crisis and Great Recession.

In late 2011, a group of activists came up with an idea. To protest rising bank fees, they would designate November 5 as Bank Transfer Day and use social media to encourage Americans to move their money from traditional banks to nonprofit credit unions. The movement achieved some momentum, with 650,000 consumers shifting their accounts to credit unions by the start of the month, according to some estimates. However, those funds represented a tiny fraction of overall banking assets, given the tens of millions of checking accounts held in mainstream banks across the United States, as the *Christian Science Monitor* pointed out. And while similar campaigns were launched in the years following the financial meltdown—such as the Move Your Money campaign, an outgrowth of the Occupy Wall Street movement—a wholesale rejection of the big banks did not materialize.

Part of the reason might have been inertia. It is often said, for example, that people are more likely to divorce than to change their

Left: Kat Taylor, cofounder and CEO of Beneficial State Bank; right: Aspiration cofounders Joe Sanberg (left)and CEO Andrei Cherny

bank accounts. And, in their current form, banks do not make it easy to form a personal connection with them. "When people are shopping for seafood, they want to buy from a certain type of vendor because they want a clear conscience, and there's a health component to it," says JUST Capital's Whittaker. "When you're shopping for banking services, I'm not sure that connection is as immediate or as obvious or as emotional."

This is not the case for many other consumer products. In fact, conscious consumerism has a long history, with examples emerging as early as the 18th century, when Quakers in the United States organized boycotts of products made by slaves. In the 1970s, conscious consumerism took a step forward when a group of companies—brands such as Ben & Jerry's, The Body Shop, Tom's of Maine, and Stonyfield Farm—grew in popularity by being explicit about their commitment to being socially responsible businesses. "They had a very small cadre of conscious consumers, but they were the early adopters," says Carol Cone, whose 1993 "Cone/Roper Report," the first comprehensive study of consumer attitudes toward companies supporting causes, indicated that if price and quality were equal, two-thirds of consumers would "likely" switch to a brand or company that supported a social issue.

However, most mainstream banks did not respond to the rise of the conscious consumer. "If you walk into almost any coffee shop, there are always signs about how sustainably they harvest their coffee, presumably because it works and consumers like it," says Bruce Usher, faculty director of the Tamer Center for Social Enterprise at Columbia Business School, where he teaches on the intersection of financial, social, and environmental issues. "Yet you walk into a bank and there's no sign telling you that they're doing sustainable things with your money." Whittaker agrees: "As a bank, right now all you have to do is avoid doing bad things. But at what point do you begin to outcompete your High Street banking competitors because you're offering an experience that's more sustainable? We're not there yet."

Meanwhile, banks have not generally operated in the best interests of their retail customers. In 2016, for example, it emerged that Wells Fargo had for years been creating millions of fake accounts and charging customers fees for them. And in 2016, Pew Charitable Trusts found that more than 40 percent of the biggest US banks processed their customers' transactions in order from the largest to the smallest by dollar amount, which can lower the account holder's balance faster—leading to more overdrafts and overdraft fees—than processing transactions chronologically. "The lower your balance is, the more fees you're charged," says Joe Sanberg, cofounder of Aspiration, part of whose mission is to counter such practices. "The model of consumer banking has devolved to one where the worse you do as a customer, the better the bank does."

Despite this, Taylor admits that getting consumers to think about banking in a different way is not easy. "Unfortunately, banking is the invisible part of our personal supply chain," she says. "We pay more attention to the toothpaste we use, the yogurt we eat, and the coffee we drink than the money we spend and what kind of institution it's going through. So it's an uphill battle to get people to pay attention to banking."

To try to change this, a cohort of banks with alternative business models and values—many of them GABV members—started working to prove that it was possible to provide customers with better services; act in a responsible, ethical way; and guarantee that loans being made with account holders' deposits only supported environmentally and socially sustainable companies and projects. A few such institutions existed before the financial crisis. For example, Amalgamated Bank, which uses deposits to support "sustainable organizations, progressive causes, and social justice" and powers all its operations with

LEFT: PHOTO BY SUE DORFMAN / ALAMY; RIGHT: PHOTO COURTESY OF ANDREI CHERNY

renewable energy, was formed in 1923. And in the United Kingdom, Charity Bank, which offers a savings account whose funds are used to make loans to charities and social enterprises, was formed in 2002. However, the financial crisis was the catalyst for the creation of newcomers, such as Beneficial State Bank and Aspiration—banks that not only embedded ethics and environmental sustainability into their operations, but also saw themselves as role models and advocates for broader change in the financial sector.

The ability to play this advocacy role was among the motivations for Taylor and Steyer when they created Beneficial State Bank. "We had a hunch that something was wrong in the banking system," Taylor says. "And it was a necessary thing to get right. Martin Luther King in his last speech to the striking sanitation workers said, if we don't control the power of our spending, the civil rights we've fought so long and hard for will come to nothing. And it turns out he was quite accurate in that forecast—because of rampant economic and now environmental injustice, we're not fulfilling the civil rights agenda."

The bank—a for-profit business owned by a foundation—uses its deposits to make loans to community-based businesses and projects such as affordable housing schemes and renewable energy infrastructure that support local economies and protect the environment. As a deposit-taking, regulated institution insured by the Federal Deposit Insurance Corporation (FDIC), the bank needs to be financially sustainable and turn a profit. "But our shareholder is not banging on the door for returns," Taylor says.

To help advance the responsible banking movement, Beneficial State Bank works with organizations such as Green America, a nonprofit that promotes environmentally aware, ethical consumerism, and the Committee for Better Banks, a coalition of bank workers, community and consumer advocacy groups, and labor organizations. "We're not a movement maker ourselves, but we try to work in collaboration with the real movement makers," Taylor says. Nevertheless, she believes the bank can show the way for others. "In developing a triple-bottom-line bank model," she says, referring to the bank's commitment to weighing social and environmental concerns on a par with profits, "we were trying to suggest how banks could observe their obligations to a broader set of stakeholders—not just the equity shareholders but also the customers, the colleagues, the communities in which they operate, the planet on which we all depend, and the broader public interest."

The specter of a failing financial sector was also among the reasons for the creation of Aspiration. Its founders had some radical ideas about how banking should operate. The bank was the brainchild of Sanberg—an entrepreneur and investor who founded organizations such as the California-based antipoverty nonprofit Golden State Opportunity and Working Hero PAC, a political organization supporting politicians and candidates championing antipoverty policies—and Andrei Cherny, a fellow graduate of Harvard University and friend. Cherny, the bank's CEO, had seen another side of the banking sector when, as the editor of the journal *Democracy*, he worked with US Sen. Elizabeth Warren, D-Mass., then a law professor, on launching the idea for the Consumer Financial Protection Bureau. And before cofounding Aspiration, he worked as a financial fraud prosecutor and consultant for corporations. "I had worked with some of the largest banks in the country around their challenges," he says. "And I saw that you had these large institutions with many customers, but they were fundamentally misaligned when it came to customers' incentives and best interests, but also customers' values."

With this in mind, Sanberg and Cherny created a bank that allows account holders to choose what fees they pay (they can even choose to pay nothing), rewards them for socially conscious spending, and promises that their deposits are fossil-fuel-free. As a broker dealer registered with the Securities and Exchange Commission, it deposits the cash balances in the Aspiration Spend & Save Accounts into deposit accounts at one or more FDIC-insured depository institutions.

Beyond deposit accounts, Aspiration expanded access to sustainable investment products, which until then had largely been available only to wealthy individuals or institutional investors such as pension funds. The minimum investment required for its Redwood Fund is $10, enabling a new generation of consumers to become investors. More than two-thirds of the customers of the Redwood Fund have never opened an investment account before, says Nate Redmond, managing partner at Alpha Edison, the largest institutional investor in Aspiration. He argues that while financial inclusion—or banking the unbanked—is important, so is enabling people who already have a bank account to do more with it. "What has an even bigger impact is if you can help billions of people who may have an account but don't really participate in the financial system in the way they could or should," he says.

PHOTO BY ERIK MCGREGOR / ALAMY

Protesters hold signs outside Wells Fargo's corporate headquarters in New York City on October 5, 2016, citing the bank's unethical practices.

The bank—which remains privately held, so it does not disclose its financials—has been growing rapidly. By 2017, its customers were transacting more than $2 billion a year. But for Cherny, the imperative behind the bank's ability to grow goes beyond the success of Aspiration itself. "It's important that we are a very successful for-profit company," he says. "That's not just about our own ambitions as a company but also about the statement it will make, because we believe this is the way every financial institution should be acting."

In fact, both Aspiration and Beneficial State Bank have made it part of their mission to educate consumers about the impact they can make in their choice of where to deposit their money. "It's more important than their coffee beans, because finance is more important than what it finances," Taylor says. "Think about the energy industry—coal is nothing without coal finance, so we should be stopping the finance piece. That's the bigger, more influential thing, and part of our mandate is bringing to light these connections."

For Aspiration, helping consumers make the connection between their banking and their social and environmental impact is also a critical part of the mission. Through its blog, the bank not only announces new products and services but also shows consumers how they can make an impact. In 2017, for example, it encouraged them to join the divestment movement by taking their money out of unethical or unsustainable investments. On Earth Day in 2019, Aspiration launched its Move to Green campaign, challenging one million Americans to commit to moving their money out of banks that fund fossil-fuel projects and companies. "Most people who care about environmental issues aren't even aware that if their money is at any of the biggest banks, it's being used to make loans to fossil-fuel companies," Sanberg says. "It begins by knowing what your money is doing while you're asleep."

THE FUTURE OF RESPONSIBLE FINANCE

In early 2020, just over a decade after the financial meltdown, a new crisis—the COVID-19 pandemic—presented a moment of reckoning for the financial sector. It differed from the 2008-2009 financial meltdown in that it was not a crisis of the banks' own making. And the financial reforms put in place post-crisis had left most in a stronger position to survive this new calamity, at least from a financial standpoint. What was uncertain was whether or not their sustainability commitments would survive the pandemic.

Initial speculation from the business press and financial analysts was that sustainable investments might weather the storm more successfully than traditional portfolios. This was because of the additional due diligence conducted before deciding if an asset meets ESG criteria. Moreover, evidence was mounting that companies' bottom lines could benefit from aligning their activities with ESG principles, making them better investments. For example, shifting to renewables helps meet tighter clean-energy regulation, while studies have shown that promoting gender equity enhances financial performance. By March, some evidence was emerging to support this. "While ESG equity funds have taken big hits this month, their losses have been less severe than those of conventional peers" was the assessment from Jon Hale, Morningstar's head of sustainability research.

Meanwhile, commentators were watching to see which banks stepped up to support communities and which did not. One response was to offer personal assistance to customers in financial difficulties. For example, Beneficial State Bank offered deposit holders loan payment deferment programs, waived many transaction and processing fees, accommodated requests for increased credit card limits, and increased limits on mobile deposits to make online transactions easier. Similarly, Triodos Bank could respond to requests to review charges and extend overdrafts. Meanwhile, GABV created an online resource where it shared and updated the responses and best practices of its member banks.

The responses of some of the mainstream banks were tracked through the *Moral Money* newsletter of the *Financial Times*. In early April, it reported that Goldman Sachs was providing $250 million in emergency loans to small businesses, $25 million in grants to Community Development Financial Institutions, and $25 million in assistance for hard-hit communities. Standard Chartered had offered $25 million in support of emergency relief and $25 million to help communities to rebuild their economies.

However, Paul Polman, the former Unilever CEO and corporate sustainability champion, called for banks and investors to do more. Most of them, he told *Moral Money*, were focused on capitalizing on short-term opportunities and relying on government to back them up and to repair the economic damage caused by the crisis. "The most useful question to ask at this moment is, what collective action are the banks taking to protect society?" he said. "[There are] lots of other examples in other industries; e.g., health and beauty, pharma, and manufacturing … [but] where is the financial sector?"

Others saw the pandemic as a wake-up call. "Hopefully this crisis is a sign that we need to transition to a more sustainable, more resilient, and inclusive economy, and this should change the portfolio of the banking industry as well," said Triodos's Vendrik. "I hope we come out of this crisis with the banking industry financing the green resilient economy we need in the future."

What seemed certain was that the world that emerged from the crisis would look very different. And the question being asked by governments, the business community, and the social sector was how this would alter the financial sector. Given the catastrophic impact of the pandemic on global and local economies, it was clear that banks should play a central role in helping communities to survive and recover from its effects and, through their asset management activities, influence the flow of investment capital into companies that were taking care of their employees and other stakeholders. Like few other crises, COVID-19 exposed the yawning gaps in health and social safety nets, as well as the need to build resilience ahead of another impending crisis: climate change. The question in early 2020 was whether or not the financial sector would step up. ■

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New research into organizational culture demonstrates how people can guide social and sustainability goals and help foster a more inclusive environment.

Organizational Culture as a TOOL for CHANGE

BY JENNIFER HOWARD-GRENVILLE, BROOKE LAHNEMAN & SIMON PEK

Illustration by Raymond Biesinger

Organizational culture is central to the performance of any organization. It reflects how employees act and interact, how they rise to challenges and respond to change, and how the organization as a whole represents itself to stakeholders, be they prospective employees, partners, customers, or communities. It is composed of the beliefs held by an organization's members, and, vitally, the actions that are guided by and sustain these beliefs.

Despite its importance, culture as a topic of discussion often elicits trepidation when managers and leaders confront changing or cultivating it in order to improve their workplace. This happens in part because culture presents as a mysterious facet of organizational life—essential to how an organization functions, but hard to guide or change. As an invisible force permeating an organization, culture surreptitiously patterns people's actions yet is not easily governed, because its essence is more holistic and felt than divisible and manipulable.

Yet employees often know a great deal about how to navigate their organization's culture and are very savvy at using aspects of it to introduce new issues or to generate fundamental change. For example, our prior research on this topic revealed how employees at an athletic-apparel company incorporated a concern about sustainability into the work of designers and marketers, despite the fact that their early efforts were likened by some employees to "turning around the *Titanic*" in an organizational culture strongly oriented toward innovation for athletic performance. Through a series of careful interventions that demonstrated the potential for sustainability criteria to connect with the commitment to innovation, these employees successfully instigated a significant internal shift. In this way, sustainability became an integral part of the company's understanding of innovation. This example demonstrates that change can occur when aspects of a culture are reoriented toward new employee or societal concerns. Rather than attempting to fundamentally shift the culture, employees led their peers to see and use a fundamental aspect of their culture—innovation—in a new way that met societal needs for more sustainable products.

In an effort to acknowledge culture's pervasiveness and fluidity, management and organizational scholars are now regarding organizational culture as composed of an open, varied, and malleable "toolkit" of resources. This trend represents a significant shift from how it has been described in the past—as an internal code that leaders establish and that becomes entrenched over time. In this article, we draw on recent developments in organization studies to explore how these new insights signal the democratization of organizational culture and suggest that actions and behaviors that constitute an organization's culture are accessible to any member of an organization.

Understanding this new perspective can help people across organizational levels better tune in to, navigate, and direct their cultures to be more responsive to their organization's evolving needs and opportunities—including societal demands to become more inclusive, diverse, or flexible. Furthermore, employees can utilize valued aspects of their organization's culture to help their organization better address society's needs. As experts in organization studies, we illustrate these levers for change by drawing on cases based on our own and others' research. First, we outline why organizational culture matters to organizations and their stakeholders. Then we explore and reframe common myths about organizational culture in order to show how our understandings of what it is and how it is managed have shifted significantly, opening new opportunities for people to generate change.

WHY CULTURE?

Our understanding of culture has come a long way since the 1980s heyday of the concept of organizational culture, when penning a song or establishing rituals was purported to unlock superior performance. Some may recall how Herb Kelleher, founder and CEO of Southwest Airlines, dressed up as Elvis Presley for company meetings or hosted company parties featuring skits and songs to illustrate his company's culture—one founded on the idea that letting people be themselves and have fun at work led to better customer service and morale. But citing these overt displays as the secrets to Southwest's being the only consistently profitable US airline is shortsighted. Along with a commitment to high-quality customer service, but with no frills (no seat assignments, snacks, or blankets, even when these were standard on other airlines), Southwest operated a more modern, more fuel-efficient fleet than any of its competitors; flew to less expensive, secondary airports; and served a small number of routes with high frequency enabled by employees' willingness to work across specializations to keep to an aggressive schedule. Southwest's lean operations—not just a culture of fun—were what made it a top performer in the industry.

We now know that efforts to engineer a certain kind of culture—for example, one that is open and flexible and celebrates individual autonomy—through messages and rituals can fall flat and produce, for at least some employees, cynicism and burnout. Despite moving away from the unchecked optimism that culture is a silver bullet for superior performance, we still recognize a number of distinct benefits for organizations that flow from culture.

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First, organizational culture produces cohesion when employees internalize commitments and align expectations about how they relate to each other and how they orient to the organization's overall goals. In fact, leaders have long recognized culture as a substitute for more direct managerial control through, say, standard operating procedures and surveillance. Many nonprofits, for example, benefit from employees' commitment to "doing good" through advocacy work, which leads to high levels of engagement and contribution and fosters an experience of being a part of a family.

Cultural cohesion need not imply mindless conformity, however. Certain commitments—like innovative consumer-goods company 3M's guideline that employees spend up to 15 percent of their time on nonwork tasks—can underpin creativity and divergent thinking, inspiring novel product ideas or improved organizational processes. The flip side of cohesion, of course, is when it produces a "dark side," or associated negative consequences. Some stakeholders blame nonprofits' commitments to causes for their inattention to accountability, which can contribute to abuse of power, as in the case of Oxfam Great Britain's 2018 sexual abuse scandal surrounding its work in Haiti.

Second, organizational culture helps to differentiate an organization in the eyes of prospective employees, partners, and donors. Leaders who understand its importance can help their organizations better convey authentic characteristics or stand out from peers. For instance, Berkeley's Haas School of Business found that by making explicit the principles that had long been present in its culture—"questioning the status quo," "confidence without attitude," "students always" (lifelong curiosity and learning), and "beyond yourself" (or leading ethically and responsibly)—it attracted students that were a stronger fit. The school drew on faculty, staff, and former students' experiences to illustrate these principles, which resonated as authentic with key external audiences, including alumni and donors.

Finally, knowledge of one's own and other organization's cultures can help managers and employees guide change efforts and navigate effective partnerships. This knowledge is especially important as differences in culture can kill joint projects, even when partners agree on the goal. For example, nonprofit organizations may seek to work together on a social enterprising project to revitalize urban spaces but be sidelined when one organization's formal and conservative culture clashes with another's informal and socially progressive one.

At the same time, an organization can leverage aspects of its culture to make innovative partnerships or cross-organizational initiatives succeed. For instance, our ongoing work with supply chain partners—BT Group and Huawei Technologies—in the information and communications technology industry shows that aspects of their distinct cultures enabled the development of a novel contractual arrangement for supply chain sustainability, which tapped into core yet complementary elements of each culture. The buying firm was strongly committed to setting leading sustainability targets, while the supplying firm—still developing such sustainability leadership—used its deep technical knowledge and "customer first" mentality to deliver on a mutually developed, aggressive carbon reduction target.

THREE DAMAGING MYTHS

The right organizational culture can create cohesion, differentiation, and effective partnerships. This is why managers prioritize establishing an organizational culture that reflects employees' experiences and stays relevant to others' expectations. Even when managers and leaders regard culture as largely effective and supportive of the organization's aims, opportunities to adapt a culture to evolving demands, such as those for social responsibility or employee inclusivity, always arise. In other instances, employees want to know how to use valued aspects of their cultures to support new initiatives, like launching a new service offering, or extending projects to a new segment of the community. However, three common myths hold back efforts to improve organizational cultures or leverage them to support change.

Leadership exclusively defines and controls culture | The first myth is that senior leadership or organizational specialists from the human resources department exclusively define and direct culture.

Founders and early leaders, of course, are central in establishing key aspects of organizational culture, and new leaders seek to make their mark by redefining aspects of an organization's culture to align with their own leadership or strategic vision. But leaders and managers sometimes overlook the fact that culture persists only because people act in ways that uphold its principles and codes.

Frequently, organizations articulate culture in terms of commitments or values. However, sociologist Ann Swidler has pointed out that people's habits are what actually enable them to realize these commitments. In other words, culture is expressed and reified through practice; it is not merely established by proclamation. Leaders and managers recognize this idea when they "walk the talk"—that is, act in line with their culture. But Swidler's argument goes further. She effectively asks that we pay attention to the many versions and variations of the "walks"—or practices—within an organization, and then from this assessment articulate an understanding of that culture as a collection of repeatedly used practices.

What skills or habits do people rely on when doing the required work of the organization? What common and varied ways of tackling problems, holding conversations, seeking feedback, or starting new initiatives are there? These aspects are what Swidler refers to as the "toolkit" of cultural resources. For example, in tackling problems, employees might draw from a cultural toolkit that includes self-reliance and entrepreneurial action, as well as consensus-based decision-making. These tools need not always complement each other; taking individual entrepreneurial action to tackle a problem is quite different from engaging in consensus-based decision-making. Knowing what to grab from the cultural toolkit and when to use it is part of operating effectively in an organization.

How frequently people enact the specific practices of a cultural toolkit signifies the value of that tool in the organization. But, Swidler asserts, we would be mistaken to conclude that an organization *values*, say, individualism over collectivism on the basis of observing people frequently addressing problems through self-reliance and entrepreneurial action. Values that seem shared may simply be the outcome—rather than the intention—of practices frequently drawn from a cultural toolkit. In other words, Swidler's cultural toolkit puts an emphasis on the *means* by which people act, instead of the *ends* they seek.

This perspective reframes the myth that leadership espousing values and commitments perpetuates culture, and it alerts us to pay attention to the daily practices of people across an organization. That is, culture persists through the distributed actions of the many—not through unidirectional, top-down control. This new perspective allows for significant bottom-up shifts in culture when people intentionally or inadvertently alter the content and use of their organization's cultural toolkit.

Organizational insiders create culture | A second myth about culture is that it is unique to an organization and determined largely by those within the organization. But recent scholarship suggests that thinking of culture as part of an "open system" is more accurate, in that people, norms, and trends outside the organization also inform it.

Just consider how pervasive issues of diversity, sustainability, or data privacy have become in every organization, driven by changes in social norms, technology, and regulation. Even the most long-lived and deeply established organizational culture must evolve to meet the expectations of its workforce and other stakeholders. If culture can be understood as a toolkit, then we must recognize that people are exposed to and become adept with several different toolkits, because they participate in multiple spheres of organizational—and nonorganizational—life. For instance, an employee who participates in advocacy work outside her professional workplace may use the mobilization techniques she acquires with peers at her workplace when she wants to convince them of the merits of a new project. If these mobilization practices are effective and others adopt them, the organization's cultural toolkit expands. In this way, organizational boundaries can be understood as somewhat permeable to culture, making organizations open and interdependent with their environments. In fact, some organizations actively cultivate their employees' experiences in other spheres to help shape their internal organizational culture. For example, an outdoor-equipment company actively drew on its employees' experiences in their weekend rock-climbing communities to reinforce the use of self-reliance in solving problems in the workplace.

Culture operates through consensus | A third myth is that influencing behaviors and shaping how members navigate organizational change requires considerable alignment among and consensus about the elements of an organization's culture. This mistake derives from the common tendency to identify an organization's culture in its "shared values."

In fact, the practices and beliefs that define a culture are frequently unevenly shared across diverse pockets of an organization and are sometimes rife with contradictory elements. The fact that some consensus is critical for cultural cohesion implies that common beliefs underpin even diverse actions. But cohesion should not be confused with unity, which implies uniform actions and beliefs. Culture functions smoothly when members understand the nuances of how, when, and where aspects of the cultural toolkit apply to their specific circumstances at specific times.

In an oil production company that we studied and wrote about in *Organization Science*, employees regularly drew on the "get 'er done" aspect of their cultural toolkit. This practice involved employees' heroic actions to address problems as they arose, rather than laboring in anticipation of them—"putting out fires, rather than preventing them," in their daily roles at production sites, even in more managerial positions. The cultural practice of "getting 'er done" meant that those who took initiative were admired by their peers and valued by their leaders. Simultaneously, company employees also regularly enacted a "follow the leader" cultural practice, which involved respecting the organization's hierarchy and responding to criteria and priorities that leaders set.

While "getting 'er done" *and* following hierarchy might seem at odds in some organizations, they worked together in this company because of its unique history and industry demands. Some decades earlier, "get 'er done" actions were needed to build a viable business based on extracting oil sands in remote, harsh conditions, against technological and economic odds. At the same time, leaders at both the production and strategic levels set and adjusted priorities. Frontline employees acted quickly and decisively ("get 'er done") on the priorities of the day ("follow the leader"). Furthermore, for this company, following the leader was not only about respecting hierarchy but also about having an accommodating, "can do" attitude. Echoing the words of a previous CEO, one manager observed that if you were a "naysayer," you didn't last long at the company. Seemingly contradictory aspects of a culture can work together when employees are at ease with how they intersect to support the work of the organization's goals.

In sum, culture is practiced by employees at all levels—not defined solely by leadership. Forces outside the organization regularly influence it, in part through employees' participation in multiple cultures, and the functioning of a culture does not require full alignment and consensus. These insights can create new ways of thinking about how to develop and direct organizational culture.

THREE CULTURAL TOOLKIT PRACTICES

We have identified three steps—almost as antidotes to the harmful myths about culture—for how managers and employees can use their organizations' cultural toolkits to generate desired change or simply to channel their culture more effectively. These practices are taking inventory, repurposing, and guiding the cultural toolkit.

Take inventory | Often people get stuck reciting buzzwords for cultural aspirations (like "integrity," "celebrating difference," or "bold thinking") that do not fully reflect the reality of the organization's culture. Although these terms can express important aspirations, they should not be confused with the actual workings of a culture. Start by defining the "what is" in your culture—the suite of practices that constitute how people get things done across the organization. This first step, which we call taking inventory, clears the way to think about how to guide the culture toward potentially new aims.

Taking inventory of a cultural toolkit involves being clear about the habitual ways in which day-to-day work gets done. Members of an organization taking inventory should ask, What common practices do people rely on to tackle problems? What actions do people resort to, or how do they behave when they face significant issues? They can also look closely at the actions of people who get ahead in the organization. Do they have relatively common ways of working?

Routine approaches to problem-solving suggest widely used and valued tools. For example, in the outdoor company mentioned above, employees in a wide variety of functions were resourceful and self-reliant when challenges arose in their day-to-day work, such as being behind on a project or struggling with an IT implementation. The widespread use of this practice across a variety of individuals, roles, and tasks—and supported by their experience of self-reliance in rock climbing and its active infusion into the workplace—suggests it is a part of the company's cultural toolkit, rather than individual behavior.

Since perceiving and assessing one's own culture from the inside is difficult, think as well about what a newcomer to the organization would need to know to do their job successfully and to fit in to the organization's culture. Or ask a relatively recent hire what they have learned about how things get done in the organization. Just as aspects of a national or regional culture can be more visible to outsiders, so, too, can contrasts between organizations be valuable for uncovering taken-for-granted, or deeply ingrained, aspects of organizational culture. These understandings of "how"—or the habits and practices of employees in their day-to-day work—likely point toward valued aspects of the cultural toolkit. Sometimes these are tied to the organization's identity and therefore are considered by employees difficult to change without threatening the core assumptions of "who we are" as an organization.

Other aspects of a cultural toolkit may be shared infrequently among organizational members. For example, employees in creative roles take risks and experiment more than those in operational or financial ones. Some diversity in the uses of a cultural toolkit is common, because a cultural toolkit is just that—an enabler of action that is adaptable to different circumstances. Understanding the varied and potentially flexible use of your organization's cultural toolkit—what aspects are used, when, and by whom—can help leaders and managers isolate which practices are most valuable, should be retained, and might be levers for change.

Finally, an organization may become more aware of its cultural toolkit by working with outside entities in programs that advocate certain practices, standards, or commitments. For example, organizational leaders report that a main benefit of adopting a B Corp certification (a program certifying companies for having business models that balance purpose and profit) is having to go through the process of auditing organizational practices. Many leaders say they are surprised to find that their companies' values and identities match those of the B Corp program but that the practices fall short in many respects—such as a lack of personnel benefits; wasteful, single-use office kitchen supplies; sourcing energy from nonrenewables; and disproportionate executive compensation. Many of these organizations find the process of inventorying their cultural toolkit especially useful for identifying where they can improve to align themselves with the B Corp ethos.

Repurpose elements | Organizations seeking change need not dismantle established practices and begin from scratch. They can use valued aspects of their existing cultural toolkit. This method of enacting cultural change, furthermore, need not rely on the initiative of senior leaders. Even when leaders are involved, an organization can pursue change by redirecting aspects of its existing cultural toolkit. In our research, we have identified two ways to repurpose a toolkit this way.

First, leaders can be selective about which aspects of the cultural toolkit they use when introducing a planned change, and about how they sequence and combine these aspects. For example, a senior leader at the oil production company we studied expedited the uptake of a new environment, health, and safety (EHS) compliance routine by appealing to employees' tendencies to follow their immediate line leaders' behaviors ("follow the leader") and simultaneously encouraged line leaders to act in ways that countered heroic "get 'er done" habits. Line leaders, in turn, were required to observe operational conditions and anticipate problems, in order to demonstrate that following the leader now included more proactive moves on EHS compliance. Elsewhere in the organization, leaders did not redirect employees' "get 'er done" tendencies; that led to slower uptake of the EHS compliance routine because employees relied on past habits.

Second, champions of change at any level of an organization can repurpose practices in a more gradual process of "grafting" a new goal or issue onto existing aspects of the cultural toolkit. For example, the employees at the athletic-apparel company used two core aspects of the cultural toolkit to graft sustainability. To introduce the idea that sustainability criteria could become central to the company's product innovation, these employees built on their prior preparation, which characterized sustainability criteria for athletic-apparel production through a well-researched checklist, and introduced this checklist to designers as part of an internal design competition. Design teams could earn bronze, silver, or gold awards for integrating different levels of sustainability performance into their new products. By making a new concern—sustainability—approachable through several existing, valued aspects of the cultural toolkit (i.e., innovation and competition), employees across a number of interventions effectively repurposed the company's commitment to innovation so that it was directed at sustainability. Through careful, patient work and a clear understanding of their company's cultural toolkit, any employee has the power to foster change through grafting issues onto existing cultural practices.

These approaches to generate change through repurposing aspects of an organization's cultural toolkit build on the competencies, skills, and habits that employees already have, effectively making change more palatable and possible. Those leading change-making endeavors can amplify existing cultural practices to support change, but they should understand that the use of other practices might have to be actively suppressed, as in the case of the oil company leader who tamped down employees' "get 'er done" habits, to achieve lasting change.

Guide the adoption and use of new tools | To some degree, an organization is constantly being exposed to new expectations or ways of doing things that may or may not be productive for its cultural toolkit. These insurgent practices can arise through intentional interactions with other organizations or simply because employees exist in multiple spheres beyond their workplaces that expose them to diverse cultural toolkits. Leaders or managers can direct their cultural toolkit by taking regular inventory of an organization's cultural toolkit and being explicit about what aspects are subject to change or put to different use because of permeable organizational boundaries—even when change is not desired.

Maintaining an organizational culture in face of its exposure to other cultural toolkits takes effort. When change is required, understanding how the open nature of cultural toolkits can support such change is important. One of our authors' studies on the development of a sustainability certification program in the wine industry shows how member vineyard organizations identified practices from the program—such as growing areas of natural grasses as buffer zones—that better conceptualized sustainability. This alignment helped integrate these new practices into their organization's culture to further its progress toward more sustainable operations.

For example, by joining the certification, vineyard members gained consensus on practices that would support sustainable operations in grape growing and winemaking. As a result, they implemented practices that aligned with their cultural understanding of sustainability as helping their own farms, as well as with the industry in general. They also learned that growing and preserving undisturbed areas of native grasses on their land would both foster "beneficial insects" that reduced the need for insecticides and herbicides on their own farms and protect neighboring farms from pest infestations. This process evolved over time, as managers assessed how employees used the new practices and made adjustments as they learned what would align best with their cultural toolkits.

CULTURE AS ACTION

Thinking about culture as a toolkit helps us understand daily organizational life from a new perspective. Culture is not a simple statement of values or aspirations. Rather, it is a complex and sometimes inconsistent repertoire of practices that underpin day-to-day work. Through this lens, we can also identify new ways of understanding how to develop and direct culture. When culture is a toolkit that everyone sustains through use, cultural change and maintenance become democratized. People at any level of an organization can repurpose or graft new ideas onto existing aspects of the cultural toolkit, or they may even help influence a shift in the organization's cultural toolkit by drawing on their use of and exposure to cultural toolkits from other settings or organizations.

Three strengths arise from striving to inventory, repurpose, and guide aspects of an organization's cultural toolkit. First, by working from an inventory of existing cultural practices, we can articulate change concretely. Trying to instate new values and aspirations is challenging, so appealing to employees' skills and habits can help to ground otherwise vague aspirations. Second, repurposing existing aspects of the cultural toolkit makes change less threatening to employees, for they can leverage familiar practices, rather than feel as if these are being altered or discarded entirely. Finally, guiding culture responds to the challenge occurring across sectors to integrate new societal concerns about equity, justice, and sustainability.

Employees and other stakeholders increasingly care about social and environmental issues. By helping them connect these concerns with aspects of the existing cultural toolkit, organizations can not only speed uptake and action on these issues but also do so in a way that is authentic to their missions and their members' experiences and skills. ■

Same language subtitling (SLS) on India's major TV channels went from concept in 1996 to national broadcast policy in 2019. This is the story of how we did it.

Lifelong Reading for a Billion People

BY BRIJ KOTHARI & TATHAGATA BANDYOPADHYAY

Academic and social entrepreneur Brij Kothari speaks to a group of children and their parents in the Gulbai Tekra section of Ahmedabad, India.

Pedro Almodóvar could not have imagined that his zany film *Women on the Verge of a Nervous Breakdown* would have anything to do with a billion people reading in India. But in 1996, when four graduate students watched his Oscar-nominated Spanish film huddled in a small apartment in Ithaca, New York, one of them (coauthor Brij Kothari) commented that he wished the English subtitles were actually in Spanish—not a translation, but a transliteration of the audio. That would have enabled them to follow the original dialogue better while remaining immersed in a language they were learning. Then he extended the idea in jest: If they subtitled Bollywood films in Hindi, maybe India would become literate.

"You might be onto something," a friend chimed in. It was just the intuitive affirmation Kothari needed. Over the next couple of weeks, he conducted an extensive literature search on subtitles. He found many papers on the benefits of translation subtitles for language learning and of closed-captioning (CC) for media access among the deaf and hard of hearing. But he also encountered a baffling dearth of research on subtitles for reading skills.

Photo by Jaydeep Bhatt

The idle joke about Hindi subtitles on Hindi films began morphing into a possible research topic. The idea of subtitles in the same language as the audio went (and still goes) by monikers like "bimodal subtitling." To focus on the need for audio and subtitles to be in the same language, for reading literacy, Kothari coined the term "Same Language Subtitling." The same year, he transitioned to a faculty position at the Indian Institute of Management, Ahmedabad (IIM-A), and initiated the SLS project, purely as academic research.

Twenty-three years later, on September 11, 2019, India's union minister of information and broadcasting announced a set of Accessibility Standards that require all major TV channels—India has more than 900—to caption at least one program per week in 2019 and ramp up captioning to 50 percent of all TV programming by 2025. The language of captioning, according to the standards, "shall be the language of the content," or what we called SLS back in 1996.

This is the story of how a simple idea born of student banter became national policy. In a country where one billion people, in 200 million TV households, watch on average nearly four hours of TV every day and will do so throughout their lives, SLS promises to have far-reaching consequences for raising reading literacy skills in India and worldwide.

THE PROMISE OF SLS

Seventy-six percent of the global illiterate population lives in southern Asia (49 percent) and sub-Saharan Africa (27 percent). These people need solutions if the global community is going to achieve the Sustainable Development Goals (SDGs)—the plan that all member states of the United Nations adopted in 2015 to end poverty, improve health and education, and preserve the environment by 2030. Specifically, SDG 4 calls for inclusive and equitable education and lifelong learning opportunities for all. This objective depends on the world's population having foundational reading skills. Based on our work in India, we believe that SLS offers a powerful solution for ensuring reading literacy worldwide, because of its pedagogical effectiveness, scalability, and low cost.

India's literacy rate has improved dramatically over the past 73 years, from 18.3 percent at the time of the country's independence (1947) to 74 percent in its last census (2011). It is expected to surpass 80 percent by census 2021, which will supposedly mark the ability of 8 out of 10 Indians to read newspaper headlines at least.

But these statistics hide disabilities. Five out of eight officially "literate" people in Hindi states cannot read functionally and are weak readers of text, according to our research.[1] They may be able to decode some letters and words but lack the basic fluency for comprehension of simple texts. Consistent with this finding, Annual Status of Education Reports (ASER) for the past 15 years have highlighted an alarmingly steady figure: 50 percent of rural Indian children in grade five cannot read a grade-two-level text.

In actuality, India has an estimated 400 million functional literates (32 percent), 600 million weak literates (48 percent), and 250 million nonliterates (20 percent). The number of people who have yet to achieve quality reading literacy—the number of non- and weak readers who need to transition to functional reading skills or better—is a staggering 850 million.

Fortunately, SLS offers a cost-effective and proven solution to switch on daily and inescapable reading practice for all of India's one billion TV viewers. SLS is the idea of subtitling audio-visual content in the same language as the audio. Word for word, what you hear is what you read. India has the world's most prolific film and television industries. Around 1,500 movies are produced every year in 20 Indian languages, and almost every production has at least five songs. After an initial run in cinema halls, films and film-song programs have a strong presence on TV. Indian's passion for movies permeates every cultural aspect of life.

India is the first country to pilot SLS on mainstream TV entertainment for the purpose of achieving mass reading literacy. The United States was the first country to mandate CC in 1990, for media access among the deaf and hard of hearing, and several countries in the Global North have followed suit. European TV predominantly uses subtitles for translation, supporting the continent's linguistic diversity. In general, countries worldwide have used CC and subtitles on TV for language acquisition, rather than reading literacy.[2] It is surprising, then, that countries in the Global South and the global education community at large have overlooked the transformative potential of subtitles for reading literacy, especially in low-income, low-literacy, and linguistically diverse countries.

Large-scale pilots of SLS for existing film songs on TV in eight major languages have found two things: First, weak readers exposed to content with SLS cannot but try to read along automatically,[3] and, second, regular SLS exposure results in significant improvement of reading skills.[4] After three to five years of regular exposure to SLS, most weak readers advance to functional, and many to fluent, reading ability.[5] The earlier a child is exposed to SLS at home, concurrent with primary schooling when letters are introduced, the stronger the child's reading skills become. While the reading skills of schoolchildren in grades one to three improve most effectively from SLS, youth (11 to 20 years) and adults (20 and older) benefit, too, but less efficiently with age.

The pedagogical effectiveness of SLS in film songs stems from multiple factors. First, SLS works by strengthening text-sound associations; as the adage goes, neurons that fire together wire together. Second, it is seamless: Watchers read unthinkingly, without any additional effort or time. Third, it transforms the learning experience from one marked by cognitive exertion and failure to one of enjoyment and success, because the answer to the reading task is present in the audio. In the early phase of reading development, one of the biggest challenges the budding reader faces is staying motivated for an activity that is difficult and offers no immediate reward. Fourth, it builds on viewers' prior knowledge of lyrics and melody, enabling them to forge text-sound associations in a positive state of mind. Fifth, it allows viewers to read without social judgment or embarrassment. These powerful factors join with a billion people's boundless passion for popular entertainment to make daily and lifelong reading sustainable for the masses.

Scale is basic to SLS. The four billion person-hours that the nation spends collectively in front of the TV every day present an unparalleled opportunity to translate screen time into achieving three major goals: lifelong reading practice among one billion TV viewers, including 600 million weak readers; media access among 65 million viewers who are deaf and hard of hearing; and Indian-language learning among one billion viewers.

The cost for a billion people to get about two hours of daily reading practice for life, via SLS, is one cent per person. That may sound incredible, but the underlying logic is straightforward. The film industry has so far produced around 50,000 films, of which only about 20,000 are likely to ever be shown on TV. Now that government policy requires SLS in all new films, the cost of mainstreaming SLS in all existing films on TV is effectively fixed at $10 million.

COLLECTING THE EVIDENCE

However, as everyone who has tried to push policy changes knows, evidence of effectiveness is necessary but not sufficient to move policy. So how did we translate SLS as an idea into successful government policy?

We built our approach on evidence-based policymaking (EBPM). We combined scientific research with repeated attempts to persuade decision makers and a dogged patience to wait until factors beyond

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our control, such as who was in charge of what channel or ministry and what policy priorities they had, shifted in our favor. We pursued both hard evidence and soft influence and received a major boost from disability groups who demanded changes in the law that helped our cause. (See "The Three Factors of Evidence-Based Policymaking" on page 38.)

Our marshaling of evidence for SLS went through six distinct phases. We began by researching two basic questions: Did viewers even like SLS in song-based content, and did it improve their reading skills? We found that viewers did enjoy the content,[6] and an experimental study in a municipal school netted encouraging results about reading. Children in the treatment group who watched 30 minutes of film songs with SLS three times per week over a three-month period ended up as slightly better readers than the control group, who saw the same content without SLS.[7] The evidence supported our confidence in SLS, but state and private TV channels were not interested in a research article from a classroom study.

In the second research phase, we sought to allay the concerns of the TV channels and see if what worked in a controlled setting would also work on TV. We struggled to secure the first implementation of SLS on TV, though, because the channel executives we met presumed that viewers would reject SLS, despite the video evidence to the contrary. But the appointment of a new director at Gujarat state TV gave us an opportunity: He agreed to try out SLS on four episodes of a popular Gujarati film-song program. The viewer feedback was positive, so the director permitted SLS to continue on the program for a year. This decision, in turn, enabled us to complete our first impact study of SLS on TV.[8] About 90 percent of viewers preferred SLS in film songs. In addition, literates and weak literates saw "karaoke value" in SLS, because it enhanced the entertainment of song-based content. Even a majority of illiterate viewers esteemed SLS—not for themselves, but for their children.

We drew three lessons from our early partnership with a state channel. First, evidence, however strong, is necessary but insufficient to secure a policy outcome. Second, government positions change regularly, so waiting out opponents is a viable first-line strategy. Third, the earlier into a decision maker's tenure you can make your case, the greater their openness to engage—perhaps because they want to cement a legacy—and the longer the potential period to create institutional memory.

After our success with Gujarat state TV, we moved to national broadcast policy. We began by sharing the findings of the Gujarat state TV pilot with Doordarshan, India's national TV network, headquartered in New Delhi. We thought that a demonstration of the operational viability of implementing SLS on a state channel, combined with positive feedback from viewers and evidence of improved reading skill among TV viewers and schoolchildren from two separate studies, would sway policy makers, but a deputy director general at Doordarshan summarily rejected SLS.

That rebuff could have been the final answer, if not for our having won a globally competitive innovation grant of $250,000 from the World Bank's Development Marketplace in 2002. Armed with this award, we went to Doordarshan's director general, Dr. S. Y. Quraishi, accompanied by our own director, Dr. Jahar Saha, to add institutional heft. Quraishi overrode vehement objections from within the organization to permit SLS for one year on *Rangoli*, one of India's most popular and longest-running Hindi film-song programs, telecast for an hour every Sunday morning on national TV.

Few longitudinal studies on the impact of subtitles existed. So, in the third research phase, we sought to strengthen the evidence base by implementing SLS on *Rangoli* over one year, an undertaking for which funding was available, and hoped additional funding could secure more time. The pilot, originally planned for one year, got extended through a fortuitous alignment of donors—Sir Ratan Tata Trust ($200,000), Google Foundation ($350,000), and the government's Ministry of Human Resource Development (MHRD) ($100,000)—that each chipped in with one to two years of funding at the right time. Doordarshan kept granting annual permission for SLS on *Rangoli* because its ratings improved by about 10 percent after it added SLS.

Policy makers are typically too busy to digest research publications, but studies supporting an idea help mitigate the risk of advancing it in policy.

The resulting study, which no single donor would likely have funded, offered the strongest affirmation of SLS's impact on reading skills.[9] Among nondecoding schoolchildren (those who could not read a single letter in Hindi at the beginning), 70 percent in the high-SLS viewing group became functional readers (able to read at least grade-two-level text) five years later, compared with 34 percent in the low-SLS group. In the 15-and-older age group, 14 percent in the high-SLS group went from nondecoding to functional reading. By contrast, only 5 percent in the low-SLS group made the transition. As we expected, schoolchildren benefited substantially more from SLS than adults did.

In the fourth phase, we expanded our collaboration from a single national TV channel to wider acceptance by the national government. We persuaded the Department of Adult Education (DAE) under the MHRD to survey the popularity of SLS among adult learners in the ministry's continuing-education centers—the bare-bones village libraries that serve the needs of adult weak literates. The ministry found that 85 percent of its adult learners preferred SLS in song-based TV programming.

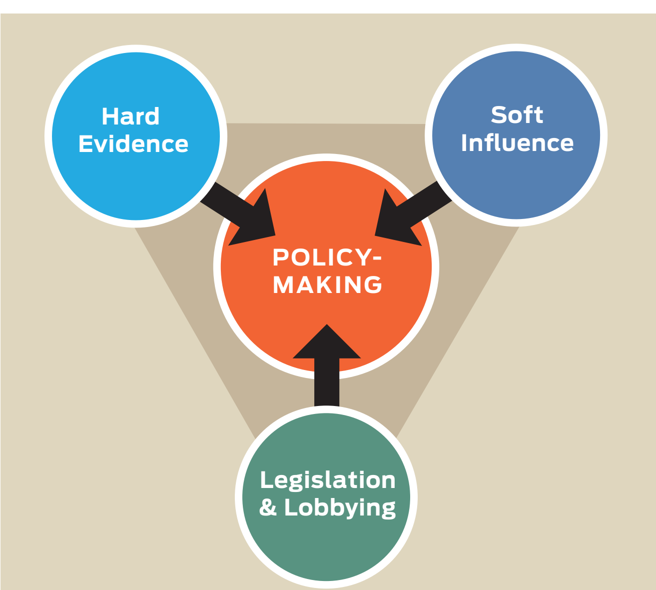
Although we were pleased with our success, we were not satisfied. We wanted to convince the Indian government to require SLS on all the film songs shown on TV, in every language. In the fifth research phase, we built a stronger case for national expansion of SLS. We won $300,000 in the All Children Reading (ACR) grand challenge competition, conducted by USAID and World Vision. For two years, SLS was scaled up in Maharashtra state (population: 122 million) and used in 20 Marathi films per week, shown on two of the state's leading private TV channels, Zee Talkies and Zee Marathi. Neighboring Gujarat served as a control state. At the beginning of the study, the Gujarat and Maharashtra sample populations were comparable in reading skill. But after two years, 68 percent of students in grade three in Maharashtra could read at grade one level or better, compared with 43 percent of Gujarati grade-three children. While children in every primary grade benefited from SLS, the impact was strongest in grades two and three. The independently conducted Annual Status of Education Report (ASER) also marked the benefits of SLS. Over the same two-year period as our pilot, Maharashtra schoolchildren's reading skills improved more than in any other state nationally.

Policy makers are typically too busy to digest research publications, but studies supporting an idea help mitigate the risk of advancing it in policy. A strong scientific foundation from a variety of credible sources can provide the necessary defense against any questions that future bureaucrats might raise. In the sixth research phase, currently in progress, we are seeking to help policy makers better grasp the effectiveness of SLS by using portable eye trackers to follow the viewing patterns of weak readers in villages as they watch entertainment content with and without SLS. We conducted an eye-tracking study of 127 weak-reading schoolchildren, youth, and adults in Rajasthan. They saw film dialogue and song clips, with and without SLS. We found that 87 percent of viewers automatically tried to read the SLS but the remaining 13 percent ignored it.

Studies of SLS's effect on reading skill and eye tracking form the bedrock of our efforts to advance SLS in education and broadcast policy. Evidence alone likely could not have convinced policy makers to accept SLS, but it proved instrumental in overcoming their resistance. In 2010, the board of Prasar Bharati, the national policymaking body for TV and radio, heard our presentation on SLS and approved the idea in principle. It tasked the director general of Doordarshan to work out a detailed implementation proposal. We wrote the proposal for him, but it fell on deaf ears. What seemed like a fait accompli in 2010 would have to wait another nine years. We needed something besides strong evidence.

The Three Factors of Evidence-Based Policymaking

Evidence alone, no matter how strong, was insufficient to convert SLS into public policy.



EXERTING INFLUENCE

We could not have secured any changes to public policy without also exerting soft influence. Soft influence is similar to Joseph Nye's concept of soft power, or "the ability to obtain preferred outcomes by attraction and persuasion, rather than coercion and payment."[10] In all of our interactions with government officials, they made us aware that we never had any power over any of them, no matter where they fell in the hierarchy and no matter how compelling our evidence. But we had soft influence to complement our evidence-based case.

We owe much of our success in influencing policy makers to the institution where the SLS project was based: IIM-A, one of the country's top-ranked business schools. IIM-A's brand alone helped us to land meetings with some of India's most senior policy makers. Over the course of the SLS project, we were able to meet almost everyone we wanted to: government officials, including union ministers, secretaries, and joint secretaries across several ministries; officers at the Prime Minister's Office (PMO); CEOs at top institutions like the National Institution for Transforming India (NITI Aayog), the federal government's most influential policy think tank; and Prasar Bharati. In short, we got most (but not all) of the face time we sought.

But landing myriad meetings is only as good as the positive institutional and relational connections they seed. Government officials occupying senior positions are there for stints lasting only a couple of years. By the time you've established a relationship, they move on. Translating rapport into institutional memory is therefore essential. Extending influence beyond the current incumbent on any policy matter depends on the file of all written correspondence, which government offices meticulously maintain; the impressions of officials lower in the hierarchy who have longer terms in any ministry than senior officers; the views of previous incumbents and other senior colleagues; and the media.

Specifically, we took four lessons from our efforts at soft influence. First, pushing for policy change through the bureaucracy of career civil servants is better than doing so through elected ministers, unless they see a clear political benefit from the change. A couple of times, we did not think through this idea and faced hard rejections by ministers from two different governments. We found that evidence had little influence on ministers' considerations; they rejected appeals from the gut as an exercise in raw power.

On one occasion, a cabinet minister and senior bureaucrats at MHRD invited several researchers in education to present their findings. As soon as coauthor Brij Kothari started his presentation and the minister heard words like "television," "films," and "subtitling," he declared, "This has nothing to do with literacy." He shut down our idea and work so publicly that in one instant, he set us back several years. We became pariahs at the ministry and were told that further interaction was impossible until we "neutralized" the minister's views. It did not matter that several months later, the same minister found himself giving away an award certificate to Kothari for SLS. "Keep up the good work," he said.

Two other interactions with cabinet ministers did not result in much, but they also did not hurt us as badly. The second minister considered neither the evidence nor the rationale and said simply that she did not think SLS would do anything for literacy. Fortunately, a third minister saw SLS's potential. (Years later, we found out that a young industrialist from her state, Vaibhav Kothari [no relation to coauthor], whom she knew well and who happens to be deaf, had written to her in support of SLS.) Following an in-depth discussion, she created a period of openness to SLS at the ministry that then led to conversations with senior bureaucrats and a national expansion proposal. But she did not push for it in any sustained way, and the proposal faded from consideration. The bureaucracy claimed no ownership of the proposal, because we had taken the ministerial route. Most ministers do not have the bandwidth or the time in office to see social innovations through to their formulation in policy.

SLS ping-ponged between two ministries. Each side insisted that it was the other ministry's responsibility to implement the policy.

Second, institutional memory, like evidence, is a necessary piece of the policy-change puzzle. As Madhav Chavan, cofounder of Pratham, said about partnering with the government, "It became clear to us that the way the government functions in India today, officers go through revolving doors and partnerships fall apart with every transfer. There is no institutional memory and no policy continuity for change." The revolving door presents a problem, but institutional memory can and should be created to counteract it.

Our approach eventually succeeded. We requested a meeting early in the tenures of senior officials, established a positive relationship, and shared research articles. When senior officials appeared receptive, we submitted a project proposal. Every such proposal goes through a process of consideration up and down the government hierarchy, receives jottings by officers at every rung, and lands a permanent place in a physical file. That file represents the institutional memory that will outlive any officer and provide continuity for future discussion. The SLS project composed robust files at a number of key ministries and policy institutions, including, most notably, at the PMO. In regular correspondence—to seek meetings, for example—we shared documents that reflected policy support from one state institution to influence others. We call this policy "contagion."

Third, try to capture statements from influential figures on video. For example, we gave a presentation on SLS in 2013 in Gandhinagar at a conference that included then-Chief Minister of Gujarat Narendra Modi in the audience. SLS had resonated with him; in his closing keynote, he made a fleeting reference to our work when talking generally about innovations. The next year, he became India's 14th prime minister. The clip of Modi's comments likely influenced policy makers. Other videos, of former US President Bill Clinton and UK Prime Minister Gordon Brown commenting on SLS, have also helped raise its credibility.

Fourth, ministries like to work in silos, but policy innovations tend to happen across ministries and departments. We aimed for cross-ministry communication, which seems relatively easy through email but is hard to achieve face-to-face around the same table. SLS straddles the broadcast and education ministries. For the longest time, we could not get policy makers from both sides in the same room. Instead SLS ping-ponged between the two ministries for at least a decade. Each side accepted the concept but insisted that it was the other ministry's responsibility to advance the policy and implement it.

A young officer on special duty (OSD) responsible for innovation at the PMO broke the logjam. After reading the published research, he referred the matter to NITI Aayog.[11] To our astonishment, the government think tank convened two high-level meetings led by Dr. V. K. Saraswat, one of three "members" directly within earshot of the chairman, the prime minister. The single agenda item for both meetings: SLS. They invited secretary-level officers from education and broadcast, and representatives of private TV channels. The meeting signaled that policy makers at the highest levels were taking SLS seriously. We presented the evidence. Most attendees affirmed SLS on principle, but the private TV channel representatives said that because the implementation would be costly and cumbersome, the government needed to allocate funds. But no ministry was willing to carve out money for SLS from its existing budget.

We had seemingly struck another policy impasse—until a Doordarshan representative pointed out that the Rights of Persons with Disabilities Act (RPwD Act) of 2016 mentioned TV subtitles for the deaf.

APPLYING A NEW LAW TO AN OLD PROBLEM

"Despite the number of groups that will present themselves as the decisive force behind any legislative accomplishment, no successful advocacy effort is the result of any one organization or initiative," political scientist Steven Teles and policy researcher Mark Schmitt wrote about advocacy work.[12] Their claim applies to the story of how SLS became policy in India.

Since the beginning of the SLS project in 1996, policy interest in literacy has been waning. The cause enjoyed its strongest policy and resource support from 1988, when the National Literacy Mission was established to "eradicate adult illiteracy," through the 1990s. Officially, 127 million adults became "literate," according to the 2001 census, but we know that did not mean that they could read or write simple texts. In the new millennium, funding for literacy fell off a cliff as policy makers shifted their attention to childhood education. They reasoned that if all children completed primary schooling, 100 percent functional literacy would simply follow. In 2009, India passed the Right to Education Act to ensure free and compulsory education for all children between the ages of 6 and 14. Now that India has achieved nearly 100 percent school enrollment for those ages, policy makers have finally turned to quality of education. Annual surveys have shown for more than a decade that half of schoolchildren are not acquiring foundational reading ability.

But in 2015, the legislative winds shifted in our favor. Under pressure from the National Centre for Promotion of Employment for Disabled People (NCPEDP) and other civil society groups, the government launched the Accessible India Campaign at the Ministry of Social Justice and Empowerment (MSJE). The initiative sought to achieve universal accessibility for persons with disabilities, including built environments, the transportation system, and information and communications systems. We then wrote to Javed Abidi, director at NCPEDP, to build a broader coalition around SLS: "Although literacy has been the primary driver of our work, we know that [SLS] on TV also contributes to media accessibility among the deaf and hearing impaired."

NCPEDP and its partners deserve all the credit for their advocacy, inputs, and passage of the RPwD Act. The law mentions differently abled people's right to a cultural life and recreational activities, including "ensuring that persons with hearing impairment can have access to television programmes with sign language interpretation or sub-titles." We credit the indomitable Abidi with the seemingly minor inclusion of two words—"television" and "subtitles"—in an otherwise extensive and detailed law on a large number of issues pertaining to disability. The RPwD Act gave us a powerful legal basis from which to push for SLS on TV for media access, reading literacy, and language learning for all citizens, including the differently abled. We also began advocating for SLS through the Department of Disabilities at MSJE, which in turn asked the Ministry of Information and Broadcasting (MIB) to frame the rules for the law's implementation in electronic media.

MIB then entered into discussions with disability rights groups and state and private TV networks. We advocated for a seat at the table. The director general of Doordarshan proposed a timeline for the implementation of captioning and sign language on all TV channels. She emphasized that captioning under the RPwD Act was a right—not merely a recommendation. The powerful TV industry united to object that the suggested interventions were too costly and not relevant for the overwhelming majority of (hearing) viewers. Here, the SLS project offered a counterpoint: Captioning and SLS were as much for the hearing as for the deaf. In fact, for more than a decade, the industry had, on its own, added SLS to all English-language programs on TV to expand their viewership. Ironically, it was to make American, British, and other English accents more accessible to the Indian ear.

We thus find ourselves within striking distance of a billion readers for life. SLS is now national broadcast policy but needs consolidation. The policy itself will come up for governmental review every two years, beginning in 2021. As long as the entertainment industry sees SLS as an imposition, the policy may not be implemented properly unless strong regulatory oversight and consequences for low-quality or no implementation are in place. We now urgently need to implement a model for SLS quality that all stakeholders—the government, entertainment industry, researchers, and civil society—formulate and approve. Its design should further the three core goals: media access, reading literacy, and language learning. Failure to do so would allow only two powerful stakeholders, the government and industry, to determine whether the model is implementable, based upon a less-than-ideal prototype. Civil-society organizations and researchers who succeeded in making SLS policy must still catalyze its proper implementation from the beginning and help institute a quality benchmark for years to come.

As long as the TV is operational at home, the constancy of reading practice and improvement with SLS will always be there for all.

THE EBPM EXPERIENCE

Looking back on our experience, we find that simply sustaining our evidence-based policymaking (EBPM) efforts remained our greatest task. EBPM seeks transformational outcomes and system change whose outputs are not easily measurable. Our fight to make SLS required on TV, via a national broadcast policy mandate, began in 2002 and didn't succeed until late 2019—and our efforts could easily have failed. What outputs from 2002 to 2019 could we have showcased to a donor's satisfaction, so that funding could have continued for that long or have been attractive to other donors? We had small policy wins all along, captured in numbers of meetings and official minutes when available. But the real movement all along, we hoped, was taking place in the minds of an ever-changing and opaque bureaucracy.

When outputs are not easily defined or measurable, evaluating the progress of policy work happens only through trust in those pushing for reform and their ability to drive policy change. Was our SLS research sound? Were we relentless and adept enough in our policy advocacy? What were the institutional memories we were creating? Judgment requires a critical lens formed of patient and liberal skepticism and an acceptance of the high risk-to-reward ratio of EBPM as a path to system change. Venturing down the EBPM path is difficult without support and a shared understanding that small victories and failures are integral to the process.

The status of the SLS project often depended on who specifically occupied the top positions in the relevant ministries and state institutions. We have already mentioned the director of state TV in Gujarat and the director general of Doordarshan in New Delhi, who made important policy breakthroughs. In addition, the CEO of Prasar Bharati agreed to let Kothari accompany him in his car through Mumbai's gridlocked traffic—treacherous but, in this case, helpfully slow—to make a presentation. He decided to support our wide collaboration with eight state channels.

Several years later, the chairperson of Prasar Bharati's board allowed us to deliver a presentation on SLS to the full board. In another instance, an old college classmate of Doordarshan's director general turned out to be one of our colleagues at IIM-A. SLS made remarkable progress in policy during the director general's tenure because he opened a direct line of communication with us and backed SLS by writing, for example, to the vice chair of the planning commission, a cabinet-level post reporting directly to the prime minister.

Nothing, of course, tops a presentation on SLS at a conference where the most important member in the audience, Chief Minister Narendra Modi, takes a liking to our ideas and goes on to become prime minister.

To be sure, we were fortunate in raising funds for a number of pilot implementations, each lasting one to two years, and the research and impact evaluations to go along with them. But these short-term relationships reflected the growth-oriented logic dominant in social-change projects. Funders asked questions such as: How many programs are you subtitling now? What is your budget? How many employees do you have? These inquiries apply more readily to an organization delivering a service or a product than to one seeking policy change. Proper funding mechanisms exist for activities that have short-term, tangible outcomes, but are too rare—if they even exist—for policy change making that by nature happens over a long time frame and incurs high risk. In short, we found support for evidence-based work but not for effecting actual policy.

We had to handle the arduous policymaking aspect of SLS work creatively and frugally: the many meetings we got, those we tried but failed to get, and others that were canceled at the last minute. We tacked on policy meetings to other paid trips and found reasons to route travel through New Delhi whenever possible. These hacks actually worked most of the time, because even though senior officers tend to prefer advance written requests for meetings, they like to grant them on very short notice, after they know you are already in town.

More than 150 trips to New Delhi in the SLS project cannot be readily managed without a proper budget for policy work. We did not have that, but we had the backing of an anonymous donor who, for seven years (2010-2016), sent PlanetRead an unrestricted grant of $50,000 annually. We do not know why they contributed. All we know is that it made the difference between SLS becoming policy and it remaining trapped in academic research and pilot projects. And, like so many social entrepreneurs, we also depended on the generosity and flexibility of family and friends.

BETTER DEMOCRACY

By 2025, 50 percent of all Indian TV programming will have SLS, according to government policy. At stake is daily reading practice for one billion TV viewers and media access for millions more. The amount of print engagement in a person's life span, thanks to SLS on TV, would be hard to match in any other system. Not even schools come close: The mean number of years Indian children spend in school is 6.4 (8.2 for boys and 4.8 for girls).

SLS has direct implications for India's and the world's ability to meet SDG 4 on quality education by 2030. Our studies indicate that it takes two to three years of regular and frequent SLS exposure on TV for a weak reader to become a functional reader. SLS can boost two specific indicators for meeting SDG 4: the percentage of girls and boys who master a broad range of foundational reading literacy by the end of the primary school cycle, and the proportion of youth (ages 15-24) and of adults (age 25 years and older) who can at least read and understand a newspaper headline in their language.

Indian women not only spend less time in school, but they also watch more general entertainment content on TV than men. The combination of these two factors suggests that SLS could be especially effective for enhancing the reading skills of female household members, compensating for their fewer years in school and exploiting their greater screen time at home. In conflict regions, too, girls' and women's access to schools and learning is more compromised. But as long as the TV is operational at home, the constancy of reading practice and improvement with SLS will always be there for all, and especially for female viewers.

We also expect the national expansion of SLS in all languages in India to contribute significantly to print-matter consumption and circulation, chiefly newspapers. The Indian Readership Survey (IRS), which annually surveys the ownership and usage of media products such as newspapers and magazines, would provide an independent assessment of the impact of SLS on the reading of print matter nationwide.

For one billion viewers, even a small improvement in the reading skills of an individual would add up to massive national boosts in education and information access. SLS could contribute to transparency, people's empowerment, governance, the economy, and a better-functioning democracy. Once India fully implements SLS, it is likely to spread to other low-literacy countries in South Asia and sub-Saharan Africa. If SLS works for a billion people in India, it should work for the world. ■

Notes

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The strategic alignment between business and corporate foundations, impact funds, and accelerators shows enormous potential for achieving social impact. But they can align in different ways, each with its strengths and weaknesses.

The Rise of the Corporate Social Investor

BY KAROLINE HEITMANN, LONNEKE ROZA, PRISCILLA BOIARDI & STEVEN SERNEELS

Illustration by Curt Merlo

The world increasingly expects and needs companies to deliver both economic and social value. Their ability to mobilize resources has surpassed even that of large governments. In the United States, for example, private-sector spending is seven times larger than governmental spending and 20 times larger than nonprofit-sector spending. With such outsize output and influence comes responsibility.

Leading business thinkers have responded by creating new models for realizing social value, such as shared value, the circular economy, Sustainable Business 2.0, and B Corporations. And investors who used to focus purely on the financial bottom line now urge companies to examine their impact on society and the environment.

The past year may have marked a turning point for many companies to accept their responsibility toward society at large and embrace it as part of their long-term strategy. In the United States, 181 CEOs of the world's largest companies officially redefined their corporate purpose to promote an economy that "serves all Americans." In Europe, 34 multinational companies launched the Business for Inclusive Growth (B4IG) coalition shortly after. Such announcements suggest that business must be on the right track to a sustainable and inclusive future.

But we find a different story in the track records of companies that officially pledged to contribute to the United Nations' Sustainable Development Goals (SDGs), the commitments that all UN member states made to end poverty, promote prosperity, and protect the planet by 2030. Research shows that less than half of the companies measure their impact on the SDGs. In addition, hardly any made changes to their core business activities, and only a few even changed their corporate social responsibility (CSR) efforts. If corporate commitments to the SDGs have not translated into sufficient business practices, how likely are companies to shift their entire business model based on promises?

Some scholars and practitioners specializing in inclusive growth argue that lack of progress may in fact stem not from a lack of ini-


Water
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tiatives, but from a lack of ambition. The transition to an inclusive and sustainable economy requires systemic and long-term thinking, multistakeholder collaborations, and bold and risk-tolerant capital. Companies, in the meantime, tend to invest in incremental initiatives that are close to their own value chain. To pursue loftier ambitions, companies may need a "catalyst"—a partner who can advise on the relevant social issues, identify and set ambitious goals, and develop early-stage and innovative social solutions with potential business relevance.

In Europe, a growing number of companies are seeking the support of a specific type of catalyst that we call the corporate social investor (CSI). The term refers to corporate foundations, corporate impact funds, corporate social accelerators, and social businesses that transcend traditional grantmaking and philanthropic foundations. While these vehicles are not new, their importance as catalysts for reform in the business world has emerged recently.

CSIs have a unique vantage point between the nonprofit and the business sector to identify transformative social solutions with potential business relevance. As part of the nonprofit sector, CSIs can mobilize societal stakeholders from companies, other nonprofit organizations, and governments to collaborate on shared concerns. And since they do not (or not primarily) seek financial returns, CSIs can provide the risk-tolerant and patient capital needed to incubate and test innovations (companies are more likely to invest after successful proof of concept).[1]

At the same time, a growing number of CSIs are exploring how their relationship with a company can serve their own social impact. In Europe, CSIs are moving from a purely philanthropic to a more entrepreneurial mindset and increasingly adopting the practices of venture philanthropy, including tailored financing (a grant, debt, equity, or a combination of those, depending on the investee's needs), nonfinancial support (e.g., helping build a social business model), and impact measurement and management. Because some of these practices are anchored in business logic, they have helped to build mutual understanding and collaboration with the company's practices and competencies.

In fact, CSIs have increasingly pursued alignment with the company as a strategy. For the purpose of this study, we define alignment as a mutual arrangement between a CSI and its related company, with the goal of enhancing the CSI's social impact. The percentage of corporate foundations that have indicated that they are aligned with the business increased from 58 percent in 2013 to 76 percent in 2017.

With these trends in mind, we at the European Venture Philanthropy Association, Europe's leading network of investors for impact and corporate social investors, asked our members why they believe that alignment has become such a growing trend among European CSIs. They responded that they expect alignment to help channel more money into social impact initiatives. Since philanthropic and governmental capital alone will not suffice to address all societal challenges, our members have embraced alignment to unlock more of the resources they need from companies.

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Second, large-scale social change requires cross-sector partnerships among the public, business, and nonprofit sectors. While many CSIs have traditionally operated at arm's length from business interests, they now recognize how alignment can help to mobilize companies for collective impact.

Lastly, practitioners trust the effectiveness of alignment. Published research on the topic has been overwhelmingly positive and has highlighted its ability to unleash new resources and ideas for greater social impact.[2]

THE BASIS OF ALIGNMENT

Even though many CSIs see the potential of alignment, they have no consensus on what basis they and their related companies can align. Some CSIs interpret alignment as a link with core competencies, while others see a link with the core business, the business strategy, or even marketing power. Even during our initial conversations with 38 senior executives of CSIs, we could find no agreement on what alignment is or how to pursue it.

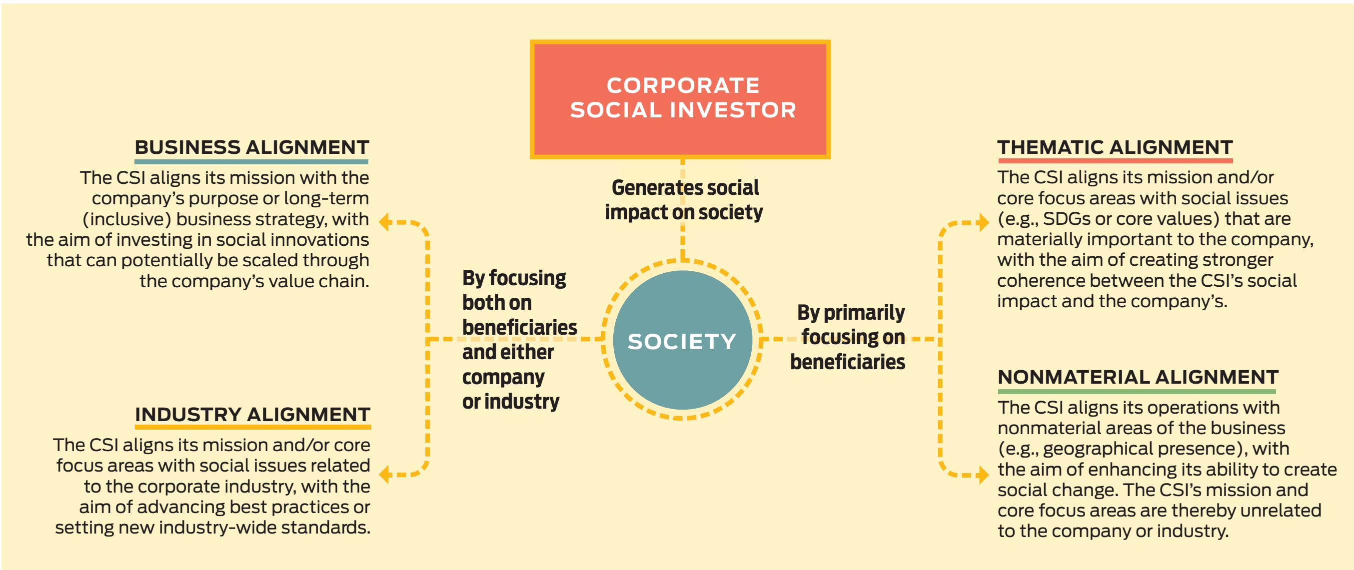
The research literature oversimplifies alignment as a uniform and self-explanatory concept. It does not recognize the variety of alignment strategies that CSIs and their related companies seek. We cannot take for granted that any type of alignment results in the same benefits. We must instead explore the nuances and potential drawbacks of different kinds of alignment.

CSIs that do not understand the potential challenges of alignment risk losing their social license to operate.[3] Legally and ethically, they need to ensure that alignment does not create business benefits at the expense of social impact. For example, the Foundation for a Smoke-

What my team gets tasked with is being at the vanguard of pushing further ahead in the areas where the commercial business is not looking.

How Corporate Social Investors Align

There are four ways in which a CSI can align strategically with its related company to maximize its social impact.



Free World, initially funded by tobacco manufacturer Philip Morris International, has been criticized by the World Health Organization and in *The Lancet* for its lack of independence from the tobacco industry.

Given the far-reaching pursuit of alignment, we must enhance our understanding of the concept, its benefits, and its challenges. Otherwise, CSIs and companies might chase a management fad at the expense of their social impact. To help inform their decision-making, we conducted a qualitative study with 45 practitioners, including (executive) directors of CSIs, senior managers from companies, and experts on corporate social investing and inclusive business strategies. Our analysis of the results shows that four different ways of aligning exist, each with inherent benefits and consequences for the pursuit of social impact. They are *business alignment*, *industry alignment*, *thematic alignment*, and *nonmaterial alignment*. (See "How Corporate Social Investors Align" on this page.) Let us review the four types and examples from European CSIs.

BUSINESS ALIGNMENT

The first type of alignment, business alignment, is pursued by CSIs that aspire to have a direct positive influence on the company's social and environmental business practices. CSIs do so by aligning their mission with the company's purpose or long-term (inclusive) business strategy and investing in social innovations that can potentially be scaled through the company's value chain but that transcend the company's current business interest.

Renault Group, the international car manufacturer, provides an example. In 2011, it founded Renault Mobilize, a social impact fund dedicated to developing inclusive and social businesses that give disadvantaged people access to mobility. This fund is completely aligned with the company's long-term, inclusive business strategy of "providing sustainable mobility to all around the world."

"As a social business, we sell mobility solutions at a low cost to people who really deserve and need a solution to find a job or to keep a job," says François Rouvier, the director of the Mobilize program. "This is our primary mission. Our secondary mission is to change the company. I believe that we have a very strong responsibility toward society. A way to exert this responsibility is to roll out social business throughout the company wherever Renault is present in the world."

Business alignment can enhance the social impact that the CSI delivers, directly or via the company, in three ways. First, CSIs and companies can work together to identify and scale solutions whereby the CSI serves as incubator and the company as an accelerator. Since CSIs are closer to social challenges and beneficiaries, they are better equipped to spot truly innovative and revolutionary social solutions, while companies are better at accelerating the impact of such solutions by integrating them into their value chain. Most companies are too limited by short-term pressures to recognize the potential long-term impact of disruptive social innovations and too risk-averse to invest before successful proof of concept.

"What my team gets tasked with is being at the vanguard of pushing further ahead in the areas where the commercial business is not looking," says Sam Salisbury, former director of the Innovation Lab at Centrica Innovations. Founded by multinational energy company Centrica in 2017, the £100 million ($125 million) fund Centrica Innovations supports cutting-edge technologies related to the company's core business of energy and electricity. If CSIs like Centrica Innovations can incubate social innovations until they can demonstrate their business relevance, companies are more likely to understand their potential and ideally integrate them into their value chain. This strategy creates vast opportunities for social impact at scale.

Second, such business alignment can enable the CSI to tap into the expertise and know-how of the company and its entire value chain. The CSI and its investees can use the company's relationship with suppliers or manufacturers and its access to market expertise, technology, and innovations to pursue its goals. Renault Mobilize, for example, was able to support its investee Garage Solidaire with products from the company. Garage Solidaire is an inclusive business that offers car repair services at an affordable price to vulnerable people in need. Through the link with the car company, Renault Mobilize supports Garage Solidaire with Renault spare parts at the mere cost of production, enabling the enterprise to offer its services at a much lower price to beneficiaries.

Third, business alignment can help CSIs challenge and inspire companies to uphold their inclusive and sustainable business efforts. Take the example of the Danone Ecosystem Fund, which supports inclusive business solutions that address societal challenges related to French food-product company Danone's value chain. Its subsidiaries and local nonprofit partners co-develop inclusive business models that empower vulnerable stakeholders, such as farmers, caregivers, or waste pickers. "At the beginning, the role of the ecosystem fund was to engage the maximum number of business units into this new equation: the inclusive economy," says Jean-Christophe Laugée, former vice president of nature and cycles sustainability at Danone Ecosystem. "But over time, the perspective on the ecosystem and the topics we've been addressing contributed to the design of the new strategic agenda of the company." Danone set for itself the goal of nourishing and protecting people and the planet under the vision of "One planet. One health." The Danone Ecosystem Fund and other corporate impact funds are thereby important to pioneer new ways for the associated business to be more inclusive and achieve prosocial goals.

Despite business alignment's potential for positive social change, the strategy also poses some challenges. First, in order to use this type of alignment effectively, both the company and the CSI must commit authentically to advancing social impact. If social impact and business interest conflict (e.g., when the company operates in a contested industry, such as mining or gambling), or when the company still pursues "business as usual," this alignment type will not unlock its potential for social impact and may even jeopardize the CSI's legitimacy. At the same time, neither the CSI nor the company should consider business alignment a substitute for the company's sustainability strategy. The CSI should contribute distinct, additional, and complementary societal value that goes beyond mere commercial interests.

Because business alignment can bring the CSI's activities relatively close to the company's value chain, not every CSI can pursue such alignment. Most national laws legally restrict corporate foundations from business alignment, because their charitable status does not allow them to serve the interests of the company, directly or indirectly. Corporate foundations should therefore operate with caution and carefully assess the regulatory environment before pursuing business alignment. Other legal structures, such as a corporate impact fund, social accelerator, or social business, are therefore set up to pursue business alignment. Over the past couple of years, we have seen many of these vehicles emerging in Europe. For example, CSI Fundación Repsol, connected to Spanish energy company Repsol, launched a new social impact investing fund supporting precommercial entrepreneurs in the field of sustainable energy transition. And MAN, the European commercial bus and truck manufacturer, set up an impact accelerator supporting social entrepreneurs working on mobility, including transportation and logistics.

Lastly, CSIs that pursue business alignment may feel confined to solutions that promise only limited impact. CSIs that screen for business relevance may be drawn to cheap, easy solutions that do not address the most vulnerable people or the most complex social challenges. Here, CSIs may need to compromise. Sam Salisbury, for example, saw this decision as a trade-off he was willing to make. "In the past, we were making impact investments quite freely, without having to think too much about strategic alignment," he says. "One of the opportunities we have now is that the resources I can put behind a problem are far greater. So the trade-off that we made was that we brought it [Centrica Innovations] closer to the commercial interest of Centrica, but we think that this allowed us to put more resources into solving a social problem. Part of our role is identifying the problems that are worth solving."

INDUSTRY ALIGNMENT

In the second type of alignment, CSIs aspire to tackle a social challenge related to an entire industry. They align their mission or core focus areas with social issues of special concern in the industry to advance best practices or set new industry-wide standards. They often do so in close collaboration with other industry actors.

The C&A Foundation, the philanthropic arm of the international fashion retailer C&A, defines itself as "a corporate foundation [that is] here to transform the fashion industry."[4] One of the major issues it has identified in the industry is its large environmental footprint. Although the problem is widely known, the industry has not taken significant steps to address it. The foundation therefore decided to create a collaborative platform, Fashion for Good, that helps companies spot innovations that can transform how the industry works. Through this and other initiatives, the foundation has been pushing for industry-wide changes in the materials it uses (moving from unsustainable to sustainable fiber) and the treatment of its workers.

By pursuing industry alignment, CSIs can seize upon three advantages. First, since the CSI pursuing this strategy focuses on creating change within an entire industry, it is naturally drawn toward thinking systemically—about which actors and initiatives are needed to foster change across the sector. CSIs thereby benefit from the fact that they are not bound by competition and can seek the support of stakeholders that a company would usually not consider.

The progress toward changing the apparel industry's modus operandi was very slow, according to Leslie Johnston, executive director of C&A Foundation. "We noticed that many companies tend to keep their innovations close to their chest, as they often can offer a competitive advantage or a way to differentiate in the market," she says. "And while we know that the industry needs to embrace circular business models, it's difficult to do that in a vacuum; it requires a collaborative approach." For these reasons, the foundation launched Fashion for Good. While C&A was its first brand partner, Adidas, Zalando, and other large industry players also joined the initiative. So the affiliated business is just one of many relevant stakeholders a CSI engages to transform the industry, but the support of that business can be essential to influencing other businesses in the industry to join the effort.

Second, the CSI that pursues industry alignment can use the company's industry-specific assets—its knowledge, expertise, networks, and other tangible resources—since the contexts in which both operate have clear synergies. Take, for example, the Syngenta Foundation for Sustainable Agriculture (SFSA), whose mission is to improve smallholder farmers' livelihoods in Africa and Asia. The foundation helps to accelerate the development of affordable drought-tolerant crop varieties in dry regions. To develop such crops, the foundation can build on the vast expertise of Syngenta, a global agriculture company and seed producer, to complement the insights of research institutions and local seed producers. In some cases, the foundation can even use Syngenta's technology to boost its support to beneficiaries, for instance, by helping to raise the yields of noncommercial crops, such as cassava and teff, or by improving the nutritional value of crops for local populations in low-income countries.

Third, working on industry-wide challenges enables CSIs to nudge industry players to set higher standards for their own operations and be more inclusive about who they serve. For Rebecca Hubert-Scherler, legal counsel at Syngenta Foundation for Sustainable Agriculture, it means alerting the industry to the needs and problems of small farmers. "We want to raise awareness of the bottlenecks faced by rural smallholder farmers and encourage or pull the company [Syngenta] and other seed companies to adapt their technologies and adopt practices that can better serve these smallholder farmers," she says. Besides companies, the foundation also raises awareness of smallholder farmers' issues among governments, research institutions, and nonprofits. By drawing attention to neglected stakeholders or issues and developing new best practices and social innovations, these CSIs can pave the way for front-running companies to further develop their inclusive business approaches and thereby raise the ambition for the entire industry.

As with business alignment, the credibility of industry alignment requires the company to be fully committed to sustainable and inclusive industry standards. If the company does not do so authentically, the public will not perceive the CSI's efforts as authentic either. Advanced companies will moreover be able to recognize the long-term value of the CSI's work, even if it can be disruptive. A CSI may have to walk a fine line between raising the industry's sustainability standards and disrupting the business of its affiliated company. For instance, what if a certain social innovation can improve the industry's social or ecological footprint but will challenge the business in the short term? If the company is not able to recognize the long-term benefits of improving the industry's sustainability standards, for society and for its own long-term viability, it might reduce or even end its support to the CSI. We find that companies appreciative of industry alignment are typically front-runners, recognizing that an ever-rising sustainability bar will make it more difficult for laggards to remain competitive.

Given the interdependence between the CSI's industry-wide social mission and the company's sustainability strategy, a CSI should have a well-balanced governance structure in place, representing senior executives of both sides, as well as independent directors, to constantly monitor the credibility and alignment of both aspirations. In addition, practitioners recommend formalizing the relationship with the company through a memorandum of understanding or a code of conduct to clarify, both internally and externally, the boundaries of collaboration.

THEMATIC ALIGNMENT

Within the third type of alignment, thematic, CSIs align their mission and/or core focus areas with social issues that are materially important to the company (e.g., water scarcity is a material issue for beverage producers). At the same time, the CSIs differentiate themselves from the company by addressing neglected beneficiary groups, issues, or geographical areas that are beyond the (immediate) interests of the company. They seek thematic alignment as a means to connect with employees of the company and call attention to societal challenges that exist beyond their business perspective.

CSIs keep moral initiatives on the company's radar—even when companies look primarily for the business case of their initiatives.

Take Trafigura Foundation, founded by global commodity trader Trafigura, which defined its mission to provide long-term funding and expertise to vulnerable communities around the world to improve their socioeconomic conditions. Its secondary objective, according to Trafigura Foundation Executive Director Vincent Faber, is to change employees' worldviews.

"It is my personal conviction that besides the philanthropic work we do, making the world a better place, it is the purpose of a corporate foundation to have an educational role within the company," he says. "I want to be an eye opener for corporate employees about social issues that are out there, in whatever type of society the business operates, beyond looking at markets and products. I want to sensitize the people and make them more aware about the human reality."

Since 2015, Trafigura Foundation has focused on two themes that are also of material interest to the related company and thus affect employees and corporate decision makers: first, fair and sustainable employment, and second, clean and safe supply chains.

Thematic alignment provides three advantages to the CSI, directly or via the company. First, it enables the company and the CSI to complement each other's distinct approaches, exchange knowledge, and build on each other's expertise and experience. As a result, they can jointly support a larger scope of initiatives surrounding the theme and use their collective insights to address those issues more deeply and effectively. "By working on similar themes, the foundation can build bridges with CSR and tap into their expertise," Faber says. "We are also able to make connections between our NGO partners and experts from the company, which helped our NGO partners to develop better and more relevant solutions that were built on the practices and insights of the company. But we also noticed that the company started to reflect more on [its] role within the larger ecosystem and established more sustainable practices."

Second, thematic alignment enables CSIs to show employees that commercial initiatives can complement social initiatives (but not replace them). It can help build awareness about existing societal challenges, the importance of morality and philanthropy, and alternative perspectives on the company's larger role in society. In the long term, these efforts can help shape employees' moral compass, both on the job and in their private lives.

"We want employees from the bank to participate in our programs so they learn about what is happening in society and [understand] that there is another part of society that you need to take into account as well," says Pim Mol, managing director of the Rabo Foundation, which helps vulnerable people to become self-sufficient, particularly smallholder farmers in emerging economies. The foundation thereby aligns with a theme deeply rooted in the history and business model of the related Rabobank, a Dutch cooperative bank founded for and by farmers. "It's about being a kind of societal mirror or Trojan horse, so employees take social and ecological key performance indicators back into the bank," Mol says.

Third, CSIs keep moral initiatives on the company's radar—even when companies look primarily for the business case of their sustainability initiatives. Sustained attention to moral initiatives can institutionalize appreciation and support for social impact, even if they have no direct business value. Ultimately, the company might start investing in new moral initiatives as well.

In this type of alignment, both the company and the CSI have clear and separate interests: commercial and societal. This division makes thematic alignment suitable even for corporate foundations that operate under strict legal constraints. The CSI's social legitimacy is strong and less vulnerable to criticism, because it operates at arm's length from the company and is focused solely on impact. The CSI can pursue its thematic goals even when the related company has not (yet) progressed on its own sustainability and inclusive business initiatives or operates in a contested industry, like gambling or mining.

However, thematic alignment also involves some challenges and risks. The CSI's ability to keep the company's interest can depend heavily on the company's readiness and willingness. For example, if business executives have little appetite to incorporate a more socially oriented mindset, the CSI can end up as something "nice to have," with little influence on the corporation or its employees.

In addition, pressing social issues that the CSI identifies may go unaddressed when they have little relation to the business interests or themes of the company. Multinational companies that focus on globally relevant themes may have no interest in local or regional social issues. If the company leads or unduly influences the thematic agenda, the CSI may ignore worthwhile causes or abandon them long before it can actually demonstrate impact.

NONMATERIAL ALIGNMENT

We identified the fourth type of alignment, nonmaterial, among CSIs that have a strong focus on exclusively pursuing social impact. These CSIs either do not aspire to generate any change in related companies or are not at liberty to do so (e.g., because of a strict formulation of their mission in their bylaws). While such circumstances may suggest that no alignment is the only choice, CSIs can in fact still benefit from seeking nonmaterial alignment. In this case, CSIs align their operations with nonmaterial areas of the business, such as its geographical presence or its business network. The CSI pursues this type of alignment to enhance its ability to use corporate assets (e.g., employees or company relations) to operate more effectively. The CSI does not have to align its mission and core focus areas with the company.

For example, the JTI Foundation was founded in 2001 to help the underprivileged and victims of natural or man-made disasters improve their quality of life. The foundation's mission and focus areas are unrelated to the affiliated company, Japan Tobacco International, which operates in approximately 70 countries. However, as JTI Foundation Managing Director Stefan Rissi explains, the foundation seeks nonmaterial alignment with the business on geography: "Our purpose is to help victims of disaster worldwide. We can in principle go global, but we can obviously not cover the whole planet. ... Therefore, we are present only where the company is present. This enables us to get access to reliable information, which is critical to providing effective help in postdisaster contexts."

Corporate representatives expressed pride in having a foundation that invests in social projects, simply because it's the right thing to do.

Nonmaterial alignment can enhance the CSI's social impact, directly or via the company, in three ways. First, nonmaterial alignment affords CSIs the freedom to operate and generate impact where they feel it is needed most; they need not restrict themselves to (potentially) business-relevant issues. After all, not all social issues have, or ever will have, direct business relevance, but that doesn't diminish their importance for society and communities. The Lloyds Bank Foundation for England and Wales, for example, aligns on Lloyds Banking Group's broader purpose to help Great Britain prosper but focuses specifically on underlying social issues that small and local charities address, such as homelessness, domestic abuse, and mental health. The foundation tackles these challenges and supports communities in ways beyond the bank's business scope.

Second, even if the CSI's mission is unrelated to the company, the CSI is likely to benefit from nonmaterial company assets (e.g., phones or trucks), expertise (e.g., local-language skills or accountancy), or connections (e.g., access to partners or distribution channels). Through nonmaterial alignment, the CSI has a loyal partner it can rely on.

Rissi gave us an example of how nonmaterial alignment boosted the JTI Foundation's impact: "During the 2013 flash flooding in Sudan, many NGOs, as well as governmental aid agencies, were not allowed to enter the area to provide first aid to the people. But the foundation works with a small emergency relief agency that we managed to get into the country and thus provide immediate emergency relief, because of the strong position of the company in the country. With the help of the company, we were able to get the government's authorization for this NGO to intervene and help, while most other charitable organizations were not able to do so."

Third, nonmaterial alignment can alert the business to social issues long before they would otherwise attract the company's attention. Here, CSIs spot important trends in society that might affect the business over time. Lloyds Bank, for example, has long-standing ties to local communities and is aware of the complex social issues British citizens face, but believes the foundation, not the bank, is most suited to address them. However, after the Lloyds Bank Foundation of England and Wales highlighted how domestic abuse, one of the foundation's focus areas, also affects many Lloyds customers, the bank took action itself and set up a Domestic and Financial Abuse Team. This unit now helps affected customers and employees through special financial guidance and introduces them to NGOs that can provide further emotional and practical support.

Few to no restrictions on CSIs pursuing this type of alignment exist, where the CSIs' sole focus on social impact is evident. Even corporate shareholder foundations, such as the IKEA Foundation or the Robert Bosch Foundation, or CSIs operating under strict fiscal regulations can seek nonmaterial alignment without placing their social legitimacy at risk. The CSI can clearly demonstrate and articulate the impact of such alignment independently from the company's activities.

CSIs often use moral and value-based arguments when seeking nonmaterial alignment with a company. This concept may seem counterintuitive to those who believe that appealing to the business case only (e.g., enhancing brand equity or customer loyalty) will attract the company's top management's attention. But we found that corporate representatives expressed pride in having a foundation that invests in social projects, simply because they felt it's the right thing to do. CSIs, therefore, should not shy away from reaching out to top company executives and managers and making the moral case to secure the company's long-term support.

The downside of nonmaterial alignment is that the CSI's social impact remains confined to its own operations, using little of the company's capabilities to create and scale social impact. The business, as a result, will not benefit from the CSI's unique ability to influence it toward more sustainable and inclusive practices. And the CSI, in turn, will not benefit to its fullest potential from the business's assets and resources, which could otherwise further its impact.

THE BENEFITS OF TYPOLOGY

We believe that this alignment typology will help practitioners better structure and understand corporate social investing by recognizing the similarities and differences among CSIs. This understanding, in turn, will enable them to have a more nuanced discussion about alignment and their strategic approach and to reflect on their own positioning within the sector. Besides defining their current alignment type, practitioners can evaluate whether this position matches their goals and aspirations or whether another alignment type might be more favorable. In addition, executives of CSIs can more easily identify peers with similar alignment types and engage in meaningful discussions about their particular challenges and opportunities.

The typology is not static; CSIs can transition between different alignment types if they aspire to do so. Nor are the alignment types mutually exclusive; some CSIs pursue a secondary type of alignment. For example, while C&A Foundation primarily pursues industry alignment, it also decided to align one of its focus areas with a theme that resonates particularly with the company, rather than with the industry at large: "building strong communities in regions where C&A operates." The foundation thereby seeks primarily industry alignment, complemented by a touch of thematic alignment.

Finally, this typology can offer corporate executives a different perspective on achieving social impact by combining market-based and nonmarket-based strategies. In this regard, European companies have started to develop multiple organizational structures to support complementary impact strategies. Schneider Electric, for instance, founded a corporate foundation, an NGO, and three impact funds, each serving different yet complementary purposes toward its mission of providing energy access to all. The foundation works exclusively with nonprofits and focuses specifically on providing vocational training. The NGO concentrates on offering nonfinancial support through corporate volunteering programs. The three impact funds support innovative energy technologies from France and Europe to sub-Saharan Africa and South and Southeast Asia. Schneider Electric recognizes that each vehicle has its unique potential, and the company will continue to rely on its CSIs to spot innovative and bold solutions. By combining different impact structures and alignment types, CSIs and their affiliated companies can enhance the scope and scale of the collective social impact they generate. ■

Notes

1 See Robert S. Kaplan, George Serafeim, and Eduardo Tugendhat, "Inclusive Growth: Profitable Strategies for Tackling Poverty and Inequality," *Harvard Business Review*, January-February 2018; Benjamin Bellegy, Michael Mapstone, and Lorenzo Pavone, "The Role of Philanthropy for the SDGs Is Not What You Would Expect," *OECD Development Matters*, February 5, 2019; Alessia Gianoncelli and Priscilla Boiardi, *Impact Strategies: How Investors Drive Social Impact*, European Venture Philanthropy Association, 2018.

2 See Heike Bruch and Frank Walter, "The Keys to Rethinking Corporate Philanthropy," *MIT Sloan Management Review*, October 15, 2005; Council on Foundations, *Increasing Impact, Enhancing Value: A Practitioner's Guide to Leading Corporate Philanthropy*, 2012; Corporate Citizenship, *The Game Changers: Corporate Foundations in a Changing World*, December 2016.

3 Krystian Seibert, "Cultivating Legitimacy in Philanthropy," *Stanford Social Innovation Review*, June 16, 2017.

4 On March 2, 2020, C&A Foundation officially became the fashion program of the newly founded Laudes Foundation.

Using artificial intelligence to predict behavior can lead to devastating policy mistakes. Health and development programs must learn to apply causal models that better explain why people behave the way they do to help identify the most effective levers for change.

The Case for Causal AI

BY SEMA K. SGAIER, VINCENT HUANG & GRACE CHARLES

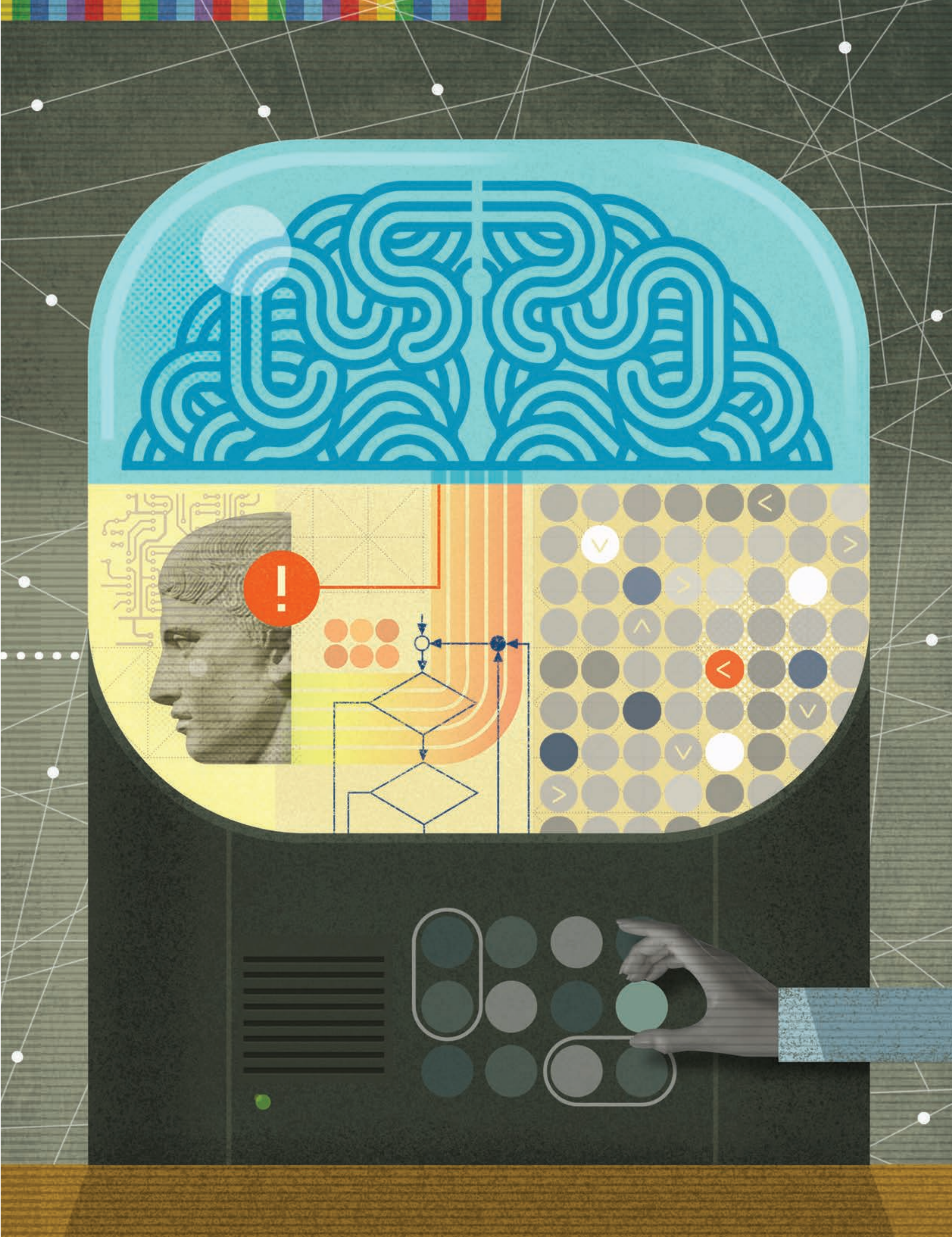
Illustration by Gordon Studer

Much of artificial intelligence (AI) in common use is dedicated to predicting people's behavior. It tries to anticipate your next purchase, your next mouse-click, your next job move. But such techniques can run into problems when they are used to analyze data for health and development programs. If we do not know the root causes of behavior, we could easily make poor decisions and support ineffective and prejudicial policies.

AI, for example, has made it possible for health-care systems to predict which patients are likely to have the most complex medical needs. In the United States, risk-prediction software is being applied to roughly 200 million people to anticipate which patients would benefit from extra medical care now, based on how much they are likely to cost the health-care system in the future. It employs predictive machine learning, a class of self-adaptive algorithms that improve their accuracy as they are provided new data. But as health researcher Ziad Obermeyer and his colleagues showed in a recent article in *Science* magazine, this particular tool had an unintended consequence: black patients who had more chronic illnesses than white patients were not flagged as needing extra care.

What went wrong? The algorithm used insurance claims data to predict patients' future health needs based on their recent health costs. But the algorithm's designers had not taken into account that health-care spending on black Americans is typically lower than on white Americans with similar health conditions, for reasons unrelated to how sick they are—such as barriers to health-care access, inadequate health care, or lack of insurance. Using health-care costs as a proxy for illness led the predictive algorithm to make recommendations that were accurate for white patients—lower health-care spending was the consequence of fewer health conditions—but perpetuated racial biases in care for black patients. The researchers notified the manufacturer, which ran tests using its own data, confirmed the problem, and collaborated with the researchers to remove the bias from the algorithm.

This story illustrates one of the perils of certain types of AI. No matter how sophisticated, predictive algorithms and their users can fall into the trap of equating correlation with causation—in other words, of thinking that because event X precedes event Y, X must be the cause of Y. A predictive model is useful for establishing the correlation between an event and an outcome. It says, "When we observe X, we can predict that Y will occur." But this is not the same as showing that Y occurs *because of* X. In the case of the health-care algorithm, higher rates of illness (X) were correctly correlated with higher health-care costs (Y) for white patients. X caused Y, and it was therefore accurate to use health-care costs as a predictor of future illness and health-care needs. But for black patients, higher rates of illness did not in general lead to higher costs, and the algorithm would not accurately predict their future health-care needs. There was correlation but not causation.



This matters as the world increasingly turns to AI to help solve pressing health and development challenges. Relying solely on predictive models of AI in areas as diverse as health care, justice, and agriculture risks devastating consequences when correlations are mistaken for causation. Therefore, it is imperative that decision makers also consider another AI approach—*causal AI*, which can help identify the precise relationships of cause and effect. Identifying the root causes of outcomes is not causal AI's only advantage; it also makes it possible to model interventions that can change those outcomes, by using causal AI algorithms to ask what-if questions. For example, if a specific training program is implemented to improve teacher competency, by how much should we expect student math test scores to improve? Simulating scenarios to evaluate and compare the potential effect of an intervention (or group of interventions) on an outcome avoids the time and expense of lengthy tests in the field.

Certainly, predictive AI algorithms have an important role to play if applied and used correctly. A good example is precision agriculture, which uses predictive AI to process data from satellite imagery and sensors to help farmers predict crop yields, detect disease and weeds, and recognize different species of plants. But being able to predict an outcome is not the same as understanding what actually causes it. Predicting that a farmer's crop yield will be lower this year is one thing; understanding why makes it possible to take steps to increase the harvest.

Another challenge with using only predictive models is a fundamental lack of knowledge about why they make particular predictions in the first place. This is a problem with deep learning—the kind of predictive AI that's at work in precision agriculture. Deep learning was inspired by how human brain cells are organized (in "layers") and how they communicate with each other (taking input signals from cells of one layer, transforming the signals, and outputting the transformed signals to cells of another layer). Unlike commonly used methods for predicting outcomes—such as regression, a traditional statistical technique that maps the relationships between variables to the predicted outcome with a single best mathematical formula—deep learning can map variables to outcomes with much more complex relationships between them. By combining multiple layers between the input variables and outcomes, deep learning algorithms can learn input-output relationships far more complex than a single mathematical formula and use them to predict outcomes. However, the links and intermediaries between variables are "black boxed," meaning that the users—and even the creators—of the algorithms cannot easily discern how the variables relate to the outcome and to each other. This means it is often impossible to know which input features deep learning models have used to make their predictions.

This opacity is unacceptable when dealing with the trajectory of people's lives, such as in the US criminal justice system. In 2016, 2.3 million American adults, or one in 111, were in prison, housed at great cost to federal and state governments. Courts throughout the United States have introduced "recidivism scores" in an attempt to lower incarceration costs by reducing the number of inmates without increasing crime. The recidivism score is a single number reached through a predictive algorithm that estimates the likelihood that a person convicted of a crime will reoffend. In theory, the score makes it possible for a judge to focus on incarcerating those more likely to commit additional crimes, and it should even help to remove potential bias in sentencing. But recidivism scores are inherently faulty because they are based on risk-assessment tools that pick up statistical correlations rather than causations. For example, low income is correlated with crime, but that does not mean it causes crime. Yet people from low-income households may automatically be assigned a high recidivism score, and as a result they are more likely to be sentenced to prison. Fixing the criminal justice system requires a focus on understanding the causes of crime, not merely its correlates.

A closer look at causal AI will show how it can open up the black box within which purely predictive models of AI operate. Causal AI can move beyond correlation to highlight the precise relationships between causes and effects.

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RANDOMIZED CONTROLLED TRIALS

The importance of testing causality is not new in either the health or development sectors. A straightforward way to do it is to conduct an intervention in people randomly assigned to one population group, known as the treatment group, and conduct no intervention in an otherwise identical group, known as the control group. By comparing the results between the two groups, it's possible to isolate the effect of the intervention. In clinical studies this is known as a *randomized controlled trial*, and in marketing research it's called *A/B testing*.

Development economists Michael Kremer, Abhijit Banerjee, and Esther Duflo were awarded the Nobel Prize in Economics in 2019 for spearheading the application of randomized controlled trials to identify root causes of development issues and to design solutions. Such trials have overturned some conventional wisdom about causality. For example, numerous observational studies had identified associations between vitamin D deficiency and increased risks of diabetes, hypertension, cardiovascular disease, and cancer. But randomized controlled trials demonstrated that vitamin D supplements do not reduce the risks of these conditions—they have not found a causal link between vitamin D supplements and health outcomes.

Randomized controlled trials, however, have limitations. Large groups of individuals are required to ensure that the results aren't biased or affected by coincidental, outlier characteristics such as age, sex, health status, or educational level. This tends to make such trials extremely expensive (in the millions of dollars) and time-consuming (they can take years to conduct). Furthermore, randomized controlled trials can test the effect of only one or at most a few bundled interventions at a time, despite the fact that health and social outcomes are complex, with many underlying drivers. Finally, they can predict only whether an intervention will cause an effect on a typical member of the treatment group, not on a specific individual.

This is where causal AI comes in. It offers new opportunities to test causality in individuals and population groups faster and more efficiently, along with the ability to unravel the underlying complexity. It allows researchers and program designers to simulate an intervention and infer causality by relying on already available data.

TWO APPROACHES TO DISCOVERING CAUSALITY

There are two approaches to causal AI that are based on long-known principles: the potential outcomes framework and causal graph models. Both approaches make it possible to test the effects of a potential intervention using real-world data. What makes them AI are the powerful underlying algorithms used to reveal the causal patterns in large data sets. But they differ in the number of potential causes that they can test for.

To understand the two methods and how they work—as well as their differences—consider the following hypothetical scenario: Researchers wanted to discover if an antismoking advertising campaign persuaded people to quit, but there was no control group because the ads were released nationally. They only had a data set showing whether individuals were exposed to the ads, whether they gave up smoking, and information on their demographics and other health behaviors. Even without a control group, causal AI provides ways to infer causality.

The potential outcomes framework, proposed by statisticians Paul Rosenbaum and Donald Rubin in 1983, compares the outcome (quitting smoking) of an individual who has been exposed to the cause of interest (the antismoking ad) with an inferred "potential outcome" of the same individual had he/she not been exposed. The challenge is of course that no data exists on nonexposure outcomes for a person who was in fact exposed to the campaign. So, for each individual who was exposed to the ad, the AI algorithms instead find an individual in the data set who was not exposed to the ad but who is identical in other significant respects (such as age, race, and education). In other words, an artificial control group is reverse engineered to mimic a randomized controlled trial. The limitation is that while it is able to solve the problem of having no control group, the potential outcomes framework can test the effect of only one prespecified intervention at a time—in this case, did the ad campaign lead to that person's decision to quit smoking?

Causal graph models, by contrast, can do more than test a single pair of variables for their cause-and-effect relationship. They can be used as exploratory tools to map all the different causal pathways to an outcome of interest and show how different variables relate to each other. Applying a causal graph to our antismoking campaign might show that exposure to the ad in a pharmacy caused some people to stop smoking directly but others to buy nicotine patches, which in turn caused them to quit.

There are several causal graph models. One widely used method is the structural equation model, in which researchers specify the variables that may interact and how they might do so, and the model then analyzes the data to reveal whether they actually do. While this model can test many such relationships in the data, the whole network of interaction between different variables needs to be specified using existing knowledge. The limitation of this model is that it tests only the linkages between the hypothesized variables: If the variables that actually cause the effect are not included among the specified ones, they won't be evaluated against the other options.

Another causal graph method is the causal Bayesian network, a term coined in the 1980s by computer scientist and philosopher Judea Pearl and named for 18th-century English statistician Thomas Bayes. This method estimates the relationships between all variables in a data set. It results in an intuitive visual map showing which variables influence each other, as well as the extent of their influence. The advantage of this approach is that, unlike in a structural equation model, these interactions do not need to be specified ahead of the test, making it a true discovery method.

Although causal Bayesian networks require an abundance of data to capture the universe of possible variables, the potential of this approach is exciting for several reasons. It enables the data-driven discovery of multiple causal relationships at the same time. In the example of the antismoking ad campaign, a causal Bayesian network might show how advertising and the availability of different quit-smoking aids each affected people's behavior, or it might reveal how personal aspirations played a role. Equally important, unlike the black box of predictive AI, in the causal AI approach the relationships between the variables (exposure to ads, the availability of nicotine patches) and the outcome (stopping smoking) become visible to researchers, program implementers, and policy makers.

Causal graphic models also make it possible to simulate many possible interventions simultaneously. For example, what if different antismoking ads targeted different age groups or combined a general campaign with outreach by peer educators? They also allow for the incorporation of expert knowledge to counter the possible limitations of a purely data-driven approach. Experts can, for instance, help to determine which variables should go into the model, they can place conditions on the model to improve its accuracy, and they can help understand results that are counterintuitive.

EFFECTIVE APPLICATION

The field of causal AI is evolving rapidly. As its potential becomes more apparent, researchers are putting it to work in fields as diverse as climate change and health, demonstrating its broad potential.

Climate change | Causal AI techniques have been applied to climate change to understand whether and how humans are one of its contributing causes and what drives people's beliefs about it. To investigate this question, British scientists used a causal AI technique called *counterfactual event attribution* in the potential outcomes framework to determine whether human-produced greenhouse gas emissions were an underlying cause of the deadly European heatwave of 2003, which by some estimates was responsible for more than 70,000 deaths. Using historical data, solar data, information on volcanic eruptions, and atmospheric data on greenhouse gases, aerosols, and ozone, the researchers simulated summer temperatures across Europe in 2003, with and without the impact of humans. They found that the heatwave was much more likely to occur when the model included activities such as air travel or electricity production than when those effects were excluded. Published in 2004, this was one of the first studies linking an extreme weather event to human activity, and it provided a powerful argument for reducing the greenhouse gases generated by such activity. The research has been cited by the United Nations' Intergovernmental Panel on Climate Change.

Causal AI has also identified the factors that lead people to become more polarized in their beliefs about climate change. Researchers surveyed participants from the United States and Australia and used Bayesian networks to model how different people responded to a range of messaging about climate change. They found that when presented with consensus information about climate change in an online survey, Americans who actively distrusted climate scientists responded by updating their beliefs in the *opposite* direction of the information they were given. This causal framework provided a new way to estimate the interconnected relationships between worldviews, scientific beliefs, and trust in scientists. Insights like this are important for shaping public perceptions of the need for action to combat climate change. Such results provide a framework for designing interventional messaging that takes into account how participants might react to information, based on their beliefs and backgrounds.

Childhood diarrhea | Causal AI offers opportunities to address widespread and complex health problems where other approaches have not been successful. Childhood diarrhea is one example. This illness is the second biggest cause of death globally among children under 5 years of age. Many factors are associated with diarrhea, but it is extremely challenging to disentangle the causal pathways, both biological and structural, of diarrheal disease. This makes designing effective interventions difficult.

A study in Pakistan used data from a national survey of more than 110,000 individuals from more than 15,000 households. The survey included household, social, environmental, and economic variables. When using multivariate regression, a traditional statistical technique, the researchers found 12 household variables that were significantly associated with diarrhea. However, these were not easy to interpret: For example, one variable was the number of rooms in the household. By contrast, analyzing the same data set with a causal Bayesian network produced a network map revealing three variables that directly influenced diarrheal disease in children: the use of dry-pit latrines rather than toilets connected to drains; reliance on a water source other than piped, river, or stream water; and lack of formal trash collection. If incorporated societally or by national policy, these insights could lead to effective interventions to reduce childhood diarrheal disease.

Maternal and newborn mortality rates | Mortality rates remain stubbornly high in many low-income countries for mothers and their newborns. Women delivering their babies at health-care facilities is critical for the survival and well-being of both mother and infant. Through a national incentive scheme that pays families to deliver their babies at facilities (300 Indian rupees [around $4] for the hospital delivery itself, and a further 300 Indian rupees if the mother has also made use of antenatal care), the Indian government has been able to rapidly improve the rate of institutional delivery. However, in many Indian states this trend has plateaued at about 80 percent.

At Surgo Foundation, we tried to understand why women were not choosing institutional delivery and what kinds of additional interventions were needed in order to get them to do so. Our work has used a variety of techniques, including causal AI, to identify why some families still decide to deliver at home. In the state of Uttar Pradesh, with a population of more than 230 million people, we conducted several large-scale quantitative surveys to measure a large number of potential drivers of institutional delivery. We then used a causal Bayesian network to discover the variables driving this behavior and identify which were the most promising targets for a public health intervention.

A broad set of variables was correlated with delivering in a health-care facility, but causal AI identified the direct causes. To our surprise, and counter to common belief, the mother's proximity to a health-care facility was not one of them—but access to transportation was. This suggested that the government should solve transportation issues rather than building more health facilities closer to families. We were also surprised to find that a belief about whether hospital deliveries were safer than home deliveries was far more important than beliefs about hospital cleanliness, staff competencies, and staff biases. Having a delivery plan also increased the likelihood of institutional delivery; so did the mother's awareness of financial incentives, validating the impact of the government's incentive scheme. Findings from this study are currently being used to model hypothetical scenarios and pilot an intervention in which frontline health workers help mothers in Uttar Pradesh develop detailed plans ahead of time for their delivery, such as where they will give birth, how they will reach the facility, and how they will pay for extra costs.

Causal AI indentifies the underlying web of causes of a behavior or event and furnishes critical insights that predictive models fail to provide.

SEVEN RECOMMENDATIONS TO SCALE

AI is being adopted by businesses and governments eager to improve processes, solve problems, and create efficiencies. It is equally important that people working on health and development issues study and scale up the use of causal AI. It offers a way forward with distinct advantages over purely predictive AI. Predictive models can provide powerful and often accurate information, such as identifying whether the result of a mammogram reading is likely to be a case of breast cancer. But causal AI can help by identifying the underlying web of causes of a behavior or event and furnishing critical insights that predictive models fail to provide, which can lead to more effective interventions that drive positive outcomes. Moreover, causal AI doesn't operate within a black box, allowing researchers to check the model's reasoning and reducing the risk of biases like those described earlier.

Three converging factors indicate that causal AI's time has come. First, advances in the field of AI are highlighting the many applications of causal approaches, and as models are refined, scaled up, and applied to novel situations, more is learned about their value and limitations. Second, large-scale data sets are becoming more readily available. Like a 4K ultra-high-definition TV that packs more pixels per square inch of screen than a standard-definition

TV of old, more data makes predictions clearer and more accurate, and boosts confidence in the insights gleaned from causal networks. Finally, the health and development sectors are placing an increasing emphasis on precision policy—that is, coming up with interventions that have the strongest results, in order to deploy limited resources where they can have the greatest effect. Causal AI is ideally positioned to meet this challenge.

The path toward successful uptake of these approaches will require some work. Below are seven recommendations that can facilitate the adoption and use of causal AI.

Make better use of data and improve their quality. Investments in several large-scale data-collection efforts have been made over the last decade. However, these data sets are often underused and could be mined further to extract more insights. While we are seeing growth in data, other challenges remain. Data sets often are fragmented and vary in quality. Linking different data sets is also a challenge—for example, when information in one data set is recorded at an individual level, and in another at a regional or national level. Designing common indicators to be used in all data-collection efforts in a country would help get the best from data sets once they're linked.

Collect more comprehensive data. Applying causal AI successfully requires understanding all the variables that may drive behaviors—structural factors like policies and laws as well as individual beliefs, motivations, biases, and influencers. If data collection is done with too many prior assumptions about what's important to collect, the causal variables that truly underlie behaviors or events may be missed and consequently lead to the wrong causal links being established.

Design scalable, high-performance open-source tools for applying causal AI algorithms. Proprietary algorithm platforms are costly, making them frequently inaccessible to the health and development sectors. Open-sourcing makes software free, more accessible, and of better quality in the long run since more people can examine the source codes and provide feedback. Some open-source algorithms (such as bnlearn) are available, but their accuracy and speed need improvement. Practitioners who are not experts in causal AI need to know what steps they should follow to apply this approach in their area. Surgo Foundation is developing tools to lower barriers to entry and help organizations new to causal AI to avoid process pitfalls. One example is an open-source tool that evaluates whether a given data set is amenable to the application of Bayesian networks, and which algorithms are best suited to use on it. Surgo is also developing a workflow guide to help causal AI make the leap from academic research to practical use in the field.

Mix artificial intelligence with human intelligence. A purely data-driven approach cannot solve development problems alone. Expert knowledge must be included throughout the process to make sure that researchers and program developers interpret causal networks correctly. Experts can improve the performance of causal AI by adding constraints that reflect practical knowledge of how systems work on the ground and identifying whether known confounding variables are missing from the data. And, as the use of causal AI increases, ethicists and policy experts will have important roles to play to ensure that the approach avoids the pitfalls of bias or inaccuracy that have sometimes dogged the application of predictive AI models.

Improve ways to evaluate algorithm performance. Computer scientists are researching ways to improve the accuracy and overall robustness of causal AI algorithms. A typical way to evaluate the accuracy of causal models is to compare results against known causal relationships. But what should a researcher do if there are no known causal relationships to validate a model? (After all, discovering those relationships is often the goal of performing causal AI in the first place.) Furthermore, what happens if the results of a causal AI model conflict with existing expert knowledge? One solution may be to generate artificial data sets with characteristics similar to a real data set, but with predetermined causal relationships between variables. Evaluating how well a causal AI model performs on an artificial data set can help researchers infer expected performance on a real data set with similar characteristics.

Demonstrate the value of causal AI in the development sector. The examples we have outlined above are powerful but few in number. Wider awareness of the work that is being done will help spur the uptake of causal approaches. Surgo Foundation is using causal AI to understand how to optimize the performance of frontline health workers, how to decide which interventions we should scale up to improve student learning, and how to improve uptake of modern family planning methods. As the foundation moves forward, we are looking to test the application of causal AI in areas such as agriculture and climate change.

Build the awareness and knowledge of key stakeholders. Causal AI is still a very novel concept for those outside the field. Work is required to explain its potential to policy makers and funders; program managers; and monitoring and evaluation experts in the many sectors where causal AI could be applied, so that they understand these approaches, at least conceptually.

THE NEXT LOGICAL STEP

In order to make sense of the world, humans take account of and analyze repeating patterns. We have come a long way from creating mythologies for explaining the weather to using rigorous data collection and mathematical modeling to predict the next rainfall or hurricane path. But we continually run up against the limits of what we are able to observe and the methods available to analyze our data.

Causal AI is the next logical step, made feasible by recent technological transformations and the increasing pervasiveness of data. Its advantage over some other disciplines in the social sciences—and indeed over predictive AI—is that it can help identify the precise causal factors that directly lead to particular behaviors or outcomes, and it can efficiently test different approaches to changing those behaviors or outcomes. This edge enables researchers and practitioners to focus on the best mix of interventions for addressing some of today's most critical issues, from climate change to health care. Better causal inferences will help programs do more with fewer resources and waste less time doing it. And by integrating causal AI with human expertise, programs can avoid the mistakes that arise when people—or the machines or software that they create—ignore crucial context or fall into the trap of mistaking correlation for causation.

Ultimately, knowing the "why" behind complex problems helps us to understand how the world really operates and, in turn, to identify the right actions to achieve desired outcomes. We may yet find that an ounce of causal AI is worth a pound of prediction. ■

VIEWPOINT
INSIGHTS FROM THE FRONT LINES

New Leadership for Global Health

The Adaptive Leadership Framework can help the international health community address the most complex problems in preventing communicable diseases and other global health threats.

BY ASHVEENA GAJEELEE, CLAIRE CHAUMONT & JEFF GLENN

In just a few decades, the international community has witnessed a string of successes in the field of global health. Polio cases have declined 99 percent in the past 25 years due to expanded vaccine access. In the same period, child mortality rates have been halved. Thanks to antiretrovirals, an HIV diagnosis today is no longer a death sentence.

But focusing exclusively on these successes masks some vexing failures. Although effective treatments exist, neglected tropical diseases still affect more than one billion people annually, and tuberculosis alone claimed 1.5 million lives in 2018. Only two years after the end of the West Africa Ebola epidemic, which claimed more than 11,000 lives by 2016, public health authorities were once again faced with a sprawling Ebola epidemic in the Democratic Republic of Congo. The new coronavirus, responsible for COVID-19, has already killed more people than the previous respiratory epidemics SARS and MERS combined.

Why, despite often having affordable and effective treatments available, do we still struggle to address these and other diseases? Development agencies and global health researchers commonly focus on financing shortages while arguing that the solution lies in finding more money. While more funding and new technologies are certainly important, they represent only part of the solution.

We contend that not enough attention is placed on one critical blind spot of the global health community: the practice of leadership. Specifically, the Adaptive Leadership Framework (ALF), a tool developed and widely used to address a diverse range of persistent social problems, can help catalyze progress in global health. It offers a nontraditional conceptualization of leadership that will help the global health community to better characterize the challenges it faces and to craft solutions to address them.

ADAPTIVE LEADERSHIP

The Adaptive Leadership Framework (ALF) was developed by Ronald Heifetz and Marty Linsky more than 30 years ago at the Harvard Kennedy School. It draws upon theories from psychology, system dynamics, and the humanities to propose a set of theories, tools, and tactics for addressing complex problems that require managing multiple stakeholders and adapting to fluid situations.

Heifetz and Linsky define adaptive leadership as the act of mobilizing people to tackle complex challenges that cannot be solved solely by applying technical tools such as a new law, technology, or program. This type of leadership requires stakeholders to accept shared responsibility for learning, innovating, and continuously adapting in order to make progress. By focusing on the problem to be solved and its root causes, the ALF allows us to examine how the actions of individuals and organizations contribute to the problem itself and to potential solutions.

Two core components of the framework are particularly useful for global health: identifying adaptive challenges and distinguishing between leadership and authority.

Technical vs. adaptive challenges | In order to understand and address a social challenge, we distinguish between its adaptive and technical parts. Whereas technical problems are usually concrete in nature and easily identifiable, adaptive problems are themselves difficult to define, and their solutions are unclear. Making progress solving adaptive problems requires an arduous process of collective learning on behalf of multiple stakeholders.

Many contemporary global health issues contain both technical and adaptive components. For example, the recent Ebola crisis in the Democratic Republic of Congo, in which more than 2,200 people died, was a complex situation with many adaptive challenges framed by the public health community and the media as purely technical. Most international media outlets focused on the development of new treatments and a new vaccine. By contrast, there was much less attention given to adaptive components of this crisis. The burial of bodies according to local traditions increases the risk of contamination of family members. The underreporting of cases to health authorities, attacks on health workers

ILLUSTRATION BY NEIL WEBB

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by local communities, and the difficulty of coordinating within the World Health Organization (WHO) and between WHO and other stakeholders also complicated efforts. WHO country officers often have strong ties to local governments and may be reluctant to raise the alarm about a potential epidemic sooner, because of the economic repercussions of WHO issuing a Public Health Emergency of International Concern (PHEIC)—a legal designation WHO may choose to assign to extraordinary events that constitute a public health risk through the international spread of disease and may require a coordinated international response. While using this mechanism can help draw resources and attention to the epidemic, it can also amplify its consequences.

Distinguishing between adaptive and technical problems is critical because actions that rely primarily on technical solutions to solve adaptive problems almost always fail, no matter what field we are discussing. This helps explain why, despite the existence of technical expertise, the global health community consistently falls short of solving persistent global health issues, such as preventing the emergence and spread of new outbreaks like Ebola and COVID-19.

Leadership vs. authority | The ALF also proposes a nonconventional way of understanding the source of leadership needed to make progress on adaptive issues. While leadership is commonly conflated with notions of authority, power, and charisma, adaptive leadership, by contrast, is an activity or practice that does not depend solely on one's position of authority. Rather, the task of exercising leadership involves sharing the burden of responsibility for solving a problem with all those who are affected by it.

For example, during the recent Ebola epidemic, the international community struggled to get local communities to adopt international best practices with regard to safe burials. Rather than looking to external authority figures for answers, adaptive leadership asks: How can local people be mobilized to face this adaptive issue and identify their own solutions that both respect the traditions and religious beliefs of the community and protect it from the virus? Community-based participatory research, an approach that emphasizes the inclusion of community members as full partners throughout the research process, can help identify adaptive problems and design adaptive solutions.

The ALF can also help identify leadership and authority challenges between and within organizations. The politics between WHO and other international stakeholders is clearly rife with adaptive challenges. After the 2014 Ebola outbreak in West Africa, world leaders and health experts criticized WHO for the ways in which it handled the epidemic—particularly for its reluctance to declare it a PHEIC, a hesitation that likely led to an increased number of deaths. As a consequence of WHO's inaction, the international community failed to handle the crisis in a timely manner. This scandal illustrates how the global health community sometimes abdicates responsibility for leadership to actors with formal authority. Instead, the ALF suggests a different approach in which all actors in the global health community are empowered to exercise leadership to mobilize collective action, regardless of any designation of formal authority.

Actors with formal authority, such as WHO, obviously play an essential role in addressing complex problems. However, the ALF suggests that WHO should exercise leadership by sharing responsibility for generating solutions with all stakeholders rather than by allowing others to avoid responsibility. In contrast to the 2014 Ebola case, the response to COVID-19 appears markedly different. WHO swiftly recognized the threat and declared a PHEIC, and called on countries to prepare themselves for the imminent spread of the disease across the globe.

FINDING BALANCE

The global health community typically focuses on technical approaches to global health problems. To make greater progress, we need to redefine our ideas about the leadership required to address them.

Adaptive leadership starts with observations by conscientious stakeholders, including those with and without formal authority, about the adaptive problems and authority dynamics of a system. This diagnosis phase is followed by an action phase designed to focus all stakeholders' attention on the adaptive challenges that must be addressed to make progress on the problem. For example, in the context of the current COVID-19 pandemic, individuals may exercise leadership by developing voluntary containment measures, such as social distancing or self-quarantine without relying on formal authorities to tell them to do so. Formal authorities can facilitate this individual response by providing the right messaging and managing the public's fear and expectations.

Adaptive work inevitably generates resistance because it requires stakeholders to confront their own role in creating problems and to adapt or evolve in order to make lasting change. People naturally seek to avoid this difficult work. Thus, acts of leadership often involve making stakeholders feel uncomfortable enough about the status quo to motivate change, but not so uncomfortable that the process erupts into chaos. Finding this balance is the great challenge of exercising adaptive leadership, and it is especially relevant for those seeking to move national governments into taking timely action in this high-stakes era of global pandemics.

The ALF has the potential to help the global health community rethink the lens through which we view our most pressing challenges. As we identify the underlying adaptive work and redefine leadership as an activity shared across the entire spectrum of stakeholders, the locus of responsibility shifts away from traditional actors in positions of authority (i.e., WHO, heads of state, bilateral donors) and toward all individuals and communities affected by a problem, including those with no formal authority. These tools are important for the kind of leadership needed to mobilize people across all social and political strata to collectively generate the learning needed to make real and lasting change in global health. ■

VIEWPOINT

Building Investor Appetite for Nutritious Food

Increasing access to quality food worldwide requires money from investors for food-related enterprises. Blended finance can help boost their risk tolerance.

BY STELLA NORDHAGEN & SOFÍA CONDÉS

The global food system is broken. Nutritious, safe food is simply not available in sufficient quantities and at affordable prices for most people.

About one-third of the world's population suffers from some form of malnutrition. This burden falls particularly heavily on low- and middle-income countries. For example, 30 percent of young children in Africa and 23 percent of those in Asia are stunted (i.e., too short for their age). These countries are also grappling with high and rising rates of overweight and obesity. In Africa, about 41 percent of women and 26 percent of men are overweight, and the number of overweight or obese children nearly doubled from 1990 to 2014. The average African adult eats less than one-third of the daily recommended amount of fruit and vegetables.

Traditional government- and civil society-led nutrition programs tend to focus on preventing hunger by increasing the *amount* of food (particularly staple grains) available. These interventions are important, but not nearly enough attention is paid to increasing the nutritional *quality* of food produced or to changing agriculture and food systems to get more nutritious food from farm to fork—and to do it more sustainably.

Small- and medium-sized enterprises (SMEs)—defined by the International Finance Corporation (IFC) as having fewer than 300 employees and/or less than $10 million in annual sales—provide 70 percent of food consumed in low- and middle-income countries. As in other types of businesses, however, SMEs in the food system have to contend with a variety of barriers to successfully operate and grow, including access to credit.

The IFC estimates that the unmet financing need among SMEs globally is $4.5 trillion per year and the gap for microenterprises (those with fewer than 10 employees) is more than 10 times that amount. This shortfall directly affects food systems and nutrition: Without investment, SMEs cannot improve the production volume, quality, desirability, safety, or nutritional value of their products, nor can they work to expand their range to reach more underserved consumers.

How can this enormous funding gap be bridged so that food-related SMEs in low- and middle-income countries can grow and better serve their customers? SMEs generally have difficulty accessing capital because of their modest funding needs, limited collateral, short credit histories, and uncertain prospects. Mainstream investors and even many impact investors see them as too risky. This perception especially applies to the food and agriculture sector, where low productivity and profit margins and high exposure to climate risk continue to weigh on investor sentiment.

The Global Alliance for Improved Nutrition (GAIN) is a Swiss-based foundation launched at the United Nations in 2002 to tackle malnutrition by working with governments, businesses, and civil society to transform food systems to deliver more nutritious fare. We at GAIN believe that blended finance—finance that harnesses several different sources of capital—can play an important role in attracting more private investment into the global food sector by helping to lower the risk of investing in SMEs (e.g., by absorbing some losses or providing repayment guarantees). But for blended finance to work, the sector needs to do more to make it a favorable market for impact investing.

ILLUSTRATION BY NEIL WEBB

NUTRITIOUS INVESTING

Blended finance brings together three distinct groups—donors, development finance institutions (DFIs), and private impact investors. Donors are interested in improving nutrition and do not need to make a return on their investment. DFIs have a mandate that allows them to tolerate higher risk. Impact investors have capital to deploy and are seeking social impact, but are hesitant about risk.

Balancing these different needs and capacities can create a win-win for investment and development goals. Through blended finance, development funding can be used to mitigate investment risk in projects expected to have a positive social impact by deploying

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first-loss capital or other guarantees and insurance policies. Blended finance can also include direct investment through debt and equity in target enterprises, using concessional loans or grants, and tranched financing that allows other investors to realize higher returns.

Blended finance has the added appeal of including grant-funded technical assistance or business development services to help target companies overcome barriers to success. This help could include improving nutritional content through reformulation, putting in systems to minimize food loss, or addressing technical barriers associated with food safety.

To date, blended finance has mobilized approximately $100 billion with at least 300 blended-finance transactions closed in 2017 alone. Renewable energy, financial inclusion, and infrastructure have received the largest share of funding to date. Agriculture funds do exist, but such investments account for only 3 percent of the capital mobilized from 2000 to 2016.

Yet mainstream and impact-investor interest in agriculture and food is growing quickly. Between 2005 and 2013, the number of funds focused on food and agriculture investments increased from 38 to 446, with $73 billion managed. However, most of this finance is devoted to North America and Europe. Only 4 percent of available investment in food and agriculture makes it to Africa, despite the estimated $155-265 billion to be made in meeting the increasing food requirements of those emerging out of extreme poverty globally.

Moreover, the majority of food and agriculture funds do not focus on nutritious foods. A recent analysis of such funds in sub-Saharan Africa found that few had an explicit mandate to improve nutrition, none had clear definitions of how they determined what foods were nutritious, and some invested in foods of questionable nutritional value. Our research shows that SMEs receiving the most funding from international investors are primarily involved in the production of nonnutritious foods. For example, almost 60 percent of the financing provided by members of the Council on Smallholder Finance goes into cocoa and coffee for export, bringing little direct nutritional benefit to local populations. Such patterns of investing must change for everyone worldwide to gain access to nutritious food.

PLOWING THE FIELD

If blended finance offers such a promising option, what is holding back its investment into nutritious food? We believe that there are two challenges that must be addressed.

First, no sector can claim to be a viable target for blended finance if it cannot clearly define its social goal and how to measure progress toward achieving it. A 2019 GAIN assessment revealed considerable inconsistency among investors about what investing in nutrition actually means. For example, some investment funds that explicitly aimed to improve nutrition included in their portfolios sugar cane companies and violators of the World Health Organization International Code of Marketing of Breast-milk Substitutes. GAIN has thus taken on the task of establishing clear definitions and metrics that can present nutritious foods as a compelling investment and enable investors to track the social benefits of their investments.

Classifying individual foods as nutritious is not easy: What counts as a healthy diet varies by age, life stage, and activity level, and the nutritional value of any food can be altered for better or worse during processing. No single definition of "nutritious" can navigate this complexity. We thus need criteria to help differentiate the spectrum from what is certainly negative for nutrition (highly processed meats, trans fats, sugar-sweetened beverages) to what is invariably positive (fruits, vegetables, legumes) and everything in between. GAIN has thus been working to develop clear inclusion and exclusion criteria to help guide investors, allowing them to support foods rich in beneficial nutrients, avoid those high in harmful ones, and target investments towards those foods most likely to reach the nutritionally vulnerable.

Defining and measuring impact requires the creation of agreed-upon metrics and measurement approaches that capture changes in the availability, affordability, accessibility, and desirability of safe and nutritious foods. Such metrics must also balance the needs of investors and evaluators, and be harmonized with existing impact-measurement platforms, like that of the Global Impact Investing Network (GIIN), to enable investors to more readily assess potential impact in the sector and to simplify investee reporting. GAIN is working on the development of relevant metrics and seeks to collaborate with other groups, such as GIIN or the United Nations Development Programme, to bring them into more widespread use.

Second, the sector also needs to develop more ways of identifying and brokering investable deals and connecting potential investors with SMEs in nutritious food value chains. GAIN recently designed a blended finance mechanism to address this shortfall: The Nutritious Foods Financing Facility (N3F) is a novel, flexible platform that aims to demonstrate how investment in SMEs can increase the supply and consumption of safe and nutritious foods in sub-Saharan Africa. The platform will support target SMEs by bundling investments with technical assistance to improve financial performance, sustainability, and the nutritional content of their products. GAIN will help identify eligible companies and measure impact potential via its nutrition-focused criteria and tools.

Shifting markets and directing more capital into nutritious foods is not the work of one fund, nor can these goals be accomplished with innovative financing instruments alone. They will also require adding a nutrition lens to other agri-food investments and obtaining greater commitments from donors and investors to support them. GAIN aims to set up N3F to demonstrate the value of food SMEs to the investment world, bring significant new resources to a currently neglected area, and provide more nutritious, sustainable foods consumed by those who need them most. ■

VIEWPOINT

The United States Needs Its Own WASH Sector

Water, sanitation, and hygiene projects are not just for low-income countries overseas. They are also desperately needed at home.

BY GEORGE MCGRAW

For the past 60 years, NGOs from high-income countries have led the charge to solve water and sanitation problems abroad. In that time, more than $250 billion in foreign aid—much of it from the US government, philanthropies, and nonprofits—have been invested in water, sanitation, and hygiene (WASH) projects in places like sub-Saharan Africa and Latin America, with incredible results. Between 1990 and 2015, 2.6 billion people gained access to improved drinking water—perhaps the single most important contribution to the recent upsurge in global life expectancy.

But US-based WASH organizations have developed a blind spot in the process: While focusing on improving water and sanitation access in other countries, they have failed to recognize the same crisis in their own backyard. They have been instrumental in building a strong and effective WASH sector abroad, yet they have not undertaken a similar effort here in the United States.

Today, at least 2.2 million people in the United States don't have access to water at home. (That's not to mention the 44 million more with running water that's not safe to drink.) Across the country, Americans make do without the sinks, bathtubs, showers, or toilets that the rest of us take for granted. Perhaps most shocking, that number is *growing* in six states and Puerto Rico.

There is no real difference between the global water crisis and the crisis here in the United States. Both crises affect human beings, who, because of circumstances beyond their control, including geography, poverty, and discrimination, struggle every day just to get enough clean water to survive. In the rural Navajo Nation, as in rural Namibia, some women leave their homes to walk to an unprotected water source and draw out a few gallons of contaminated water that their families must use to get through the day.

The global WASH sector is a network of government agencies, dedicated funders, NGOs, and frontline communities who collaborate on strategies to improve water access. They share best practices, set ambitious goals, and hold each other accountable. Their combined efforts have helped billions of human beings move closer to achieving Sustainable Development Goal 6 (SDG 6): availability and sustainable management of water and sanitation for all.

The United States lacks its own robust WASH sector, and as a result, most Americans remain unaware of their country's own water crisis. Public funding for water infrastructure has flatlined at just 9 percent of overall spending—a small fraction of what it once was—and philanthropic support for domestic water projects is limited, fragmented, and difficult to access. But if experienced US-based WASH organizations were to refocus a portion of their expertise and resources here at home, we could end this crisis, and quickly.

ILLUSTRATION BY NEIL WEBB

A WILLFUL BLINDNESS

Why, then, don't we have our own robust WASH sector here in the United States?

I've been asking this question since 2014, when DigDeep, the global WASH organization I founded, first shifted our focus from sub-Saharan Africa to Navajo communities in rural New Mexico. (More than a third of Navajo households still lack basic access to running water.) With that shift, we became the first US-based WASH organization to return home. In doing so, we lost vital support from an ecosystem of government allies, dedicated funders, and learning groups who collaborate only on projects abroad. Although hundreds of WASH organizations are headquartered in the United States, only two—DigDeep and Water Mission, a WASH engineering organization based in South Carolina—deploy domestic projects.

There are practical reasons why the United States has never had a domestic WASH sector despite vast unmet need. For example, the United States, unlike many other countries, does not collect comprehensive data on water access, making it difficult to see (and serve) affected communities. In late 2019, DigDeep published the first national study on water and sanitation access in partnership with the US Water Alliance. We found that at least 2.2 million Americans are affected, that poverty is a key obstacle to water access, and that race is the

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single strongest predictor of whether you and your family can turn on the tap at home. Native American households are 19 times more likely than white households to lack access to complete plumbing (meaning hot and cold running water, a sink, a shower, and a toilet), while African-American and Latinx households are nearly twice as likely.

Some US WASH funders also believe—wrongly—that this work is too expensive at home, and their dollars will have a more meaningful impact abroad. Everyone has a right to basic access to water and sanitation, and it costs just $3,100 to bring hot and cold running water to a family on the Navajo Water Project, a meager sum considering both the need and the context. Of course, in some parts of East Africa, that same $3,100 might provide a shallow drinking water borehole and hand pump to a community of several hundred people. These projects, however, are not readily comparable; their outputs—hot and cold running water in the home, versus basic access to drinking water on foot—are vastly different, as are their outcomes in people's lives. But after nearly 60 years working in low-income countries, US-based WASH funders are not always structured to plan their investments or measure their impact in ways that can account for these differences. As a result, domestic water projects may be disregarded in favor of what's perceived to be a "more impactful" investment abroad.

We at DigDeep also feel that US philanthropy and the American public are blind to the possibility that problems like water poverty can exist in a country as rich as the United States. They instead focus on low-income countries and believe Americans have a duty to export our skills and resources to solve WASH challenges abroad. After all, isn't access to water and sanitation a basic human right?

I am not arguing that to end the water crisis in the United States, we must abandon our support for the 884 million other humans without access to drinking water. On the contrary, our domestic water crisis pales in comparison to the WASH sector's collective accomplishments around the world—work that must continue. Comparing the need at home with our progress abroad proves that the US water crisis is entirely *solvable*, probably with a fraction of the time and resources that we will continue to invest elsewhere.

POETIC JUSTICE

If the United States is to solve this problem, we need to confront it, as we have in other countries, as an urgent public health crisis that demands an intelligent, coordinated, and rapid response. We need a domestic WASH sector with funders, implementers, and learning groups to lead this work.

WASH Funders | We need WASH funders to do at home what they've done so well abroad: define the crisis, coordinate investment, set ambitious goals, and support creative solutions that government can't or won't fund. Within the next year, WASH funders should begin deploying money and resources such as delivery trucks and point-of-use filters that frontline organizations such as food banks and faith-based groups can use to provide interim water access. These groups would benefit most from flexible funding that could be used for both programs and overhead, without burdensome application and reporting requirements. In places where public investment is stymied by outdated laws and practices, philanthropic investments can help communities surmount barriers to government funding, alongside advocacy to remove those barriers. US-based WASH funders should convene as soon as possible to begin strategizing a coordinated, long-term response.

WASH Implementers | WASH NGOs have the opportunity to adapt the tactics and strategies they've developed so successfully abroad to help US communities. They can start small, with pilot projects that utilize their strengths. For example, an organization that's been effective with microlending around water access in India might consider a similar project in Texas-Mexico border colonias. A group that has been drilling community wells in the Sahel might serve the arid Southwest, helping far-flung indigenous communities become more water resilient.

Learning Groups | US-based WASH organizations—both funders and implementers—should build a domestic network that mirrors the learning groups (or "clusters") engaged in international work. WASH clusters coordinate regional efforts by setting priorities, sharing technical knowledge, and coordinating responses to new or existing challenges. A domestic WASH cluster would allow us to develop best practices, evaluate our impact, and keep federal, state, and local governments accountable to impacted communities. We should begin by advocating for a national data collection and monitoring system. The global WASH sector has won many legislative victories in the past 60 years; we can harness those relationships to petition the federal government to restore the census question regarding access to flush toilets (removed in 2016) and to add new questions about water quality, affordability, and wastewater services that would help us sharpen our efforts going forward.

There is poetic justice to reversing the traditional model of international development. Instead of exporting WASH technologies and resources from the United States to other countries, we would be *importing* and adapting successful strategies for WASH that were first developed abroad. Many of the low-income countries we once felt it was our "duty" to help now have expertise that Americans need to address our own water crisis.

Until recently, the two million Americans without access to water have been on their own, lacking the support, resources, and visibility needed to solve this problem. A few lucky ones now have running water, but for most, a working tap and toilet still seem like a distant dream. It doesn't need to be that way. By harnessing decades of WASH innovation and dedicating just a *fraction* of the time and effort we've invested abroad, we can build a future—just a few decades from now—where everyone in the United States can turn on a tap and flush a toilet without a second thought, knowing that they have safe, reliable services. ■

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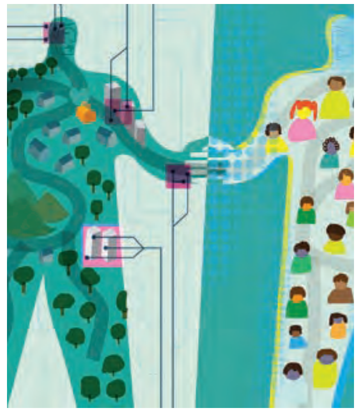
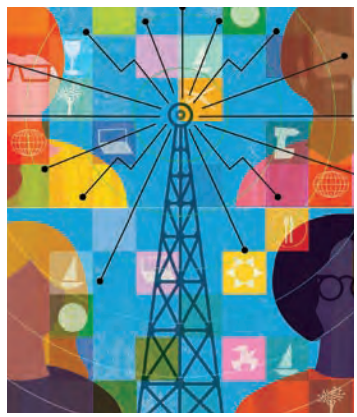
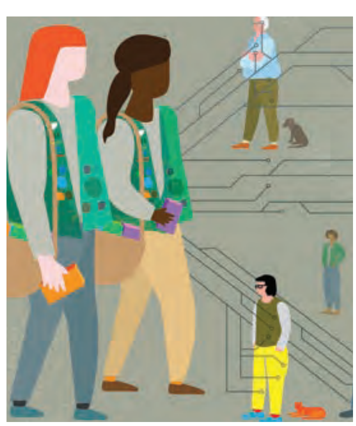
Technology for Change

Applying a digital-first strategy to boost effectiveness in challenging times







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Illustrations by Mark McGinnis

Grecian Urns and Trend Reports

The value of a nonprofit is the presence and participation of its stakeholders and constituents. Technology creates the framework to make that value real.

BY CHRIS THOMAS

*"Beauty is truth, truth beauty,—that is all
Ye know on earth, and all ye need to know."*

As one might, I nominally think about *Ode On a Grecian Urn* when I look at trend reports. There's a lot of enigma in John Keats' lines, but the truth uncovered by data can indeed be a beautiful thing. Our minds grow calm as we see the quantifying evidence glowing before us, like golden bits of ore hinting at a rich vein of value. It's pleasing to say "aha" in our heads when we see the things we suspect become real in graphs and tables.

Each year, Salesforce releases our own report to better understand the role nonprofits have in serving their communities, what is shifting within the nonprofit space, and how technology supports organizations' ability to fund and run their missions across departments. This year, we are partnering with *Stanford Social Innovation Review* to cover the report—a snapshot of the modern nonprofit landscape—with a series of articles and videos featuring leaders from some of the world's most innovative nonprofits. *SSIR* is a valuable conveyor of how new technology and transformative thinking are changing the sector's landscape, and we are thrilled to present this content with this leading publication.

We asked 725 nonprofit professionals a series of questions to produce a survey view of the state of nonprofits in the 21st century. The responses came from leaders of every cause, role, and size, with 45 percent at the vice president level or above. We focused on six countries this year: Canada, France, Germany, Netherlands, United Kingdom, and the United States.

Three main themes emerged. First is the importance of *constituent-centric experiences*: people want to be involved, and to feel they are a part of the mission. Second is the rise of *data-driven culture and strategy*, as data and measurement enable connection in an increasingly digital world. Third is the impact of *change and adaptation*—the shifts ushered in with the introduction of new technologies can be as transformative as they are overwhelming.

CHRIS THOMAS

THE EMPOWERED CONSTITUENT

People want to be involved in nonprofit work. A full 74 percent of responding organizations (a 16 percent increase from last year) say that constituent interest has increased over the past five years. These are trying times, and people are motivated to act. Nonprofits offer a platform through which they can engage with issues and create change.

Of course, the services that organizations deliver are also increasing in demand as the impact of humanitarian, climate, and health challenges (to name only a few) begin to affect human lives. Seventy-five percent of organizations saw an increase in demand for their work, suggesting that playing fields are expanding in size and scope. While daunting, this could in fact be nonprofits' finest hour, and technology is key to an appropriate response. We will always have less than what we need when it comes to the scale of the problems we face, so we need to do more with less. Technology can help us reach more people and engage with them in quality ways. However, the gulf between what is needed and the desired solution remains wide, and we don't invest in our operations at the rate seen by our corporate cousins. So, while 85 percent of organizations say that technology is key to their success, 93 percent say they lack the tools and staff to effectively incorporate the benefits that tech offers.

They also lack expertise, with 75 percent stating that they don't know what to do in this ultra-complex environment. Indeed, it is a challenge. In my own work, I see some of the biggest organizations in the world struggle to adapt tools, train staff, and engender the cultural change necessary for seamless integration of the tech into the work. There is a lack of the skills necessary to interpret the results that come up on their screens.

Adding to this complexity, we found that expectations around transparency and trust are growing in constituents' minds. As technology continues to transform our world—including our social interactions, politics, media, and brand relationships—we want accountability from our businesses, governments, and nonprofits. The big-tech sector faces real challenges in winning back the trust of its customers and users, and in sorting out issues around transparency. Arguably, the nonprofit sector contends with a similar challenge. As our work moves even further into the digital space, our messaging, interactions, obligations, and opportunities begin to look more like big-tech than grassroots. The best and most successful organizations will cultivate deep relationships with their constituents, and this will require them to know who their best constituents are, engage them with respect and honesty, and provide meaningful experiences.

Technology enables people to participate in the missions of nonprofits, and in this light organizations become more like service providers—the connection between the individual and the mission—rather than the traditional legacy model, where organizations act on behalf of their constituencies. In this new model, trust and transparency are at the heart of an organization's viability. People want to do more than just give money. Each time they donate or sign or RSVP, they are raising their hands, saying, "Put me to work." They want to solve the world's problems as a part of an organization they trust, value, and respect.

DATA CULTURE

Buy a nonprofit technology executive a drink, then ask them about data and impact. This will kick off quite an evening! Talking about data is like talking about the universe—it's everywhere, but it takes some big thinking to pin it down. We are interested in data because we are generating a lake of it when we turn on the machines that power a tech-forward nonprofit. We can then see how data-as-feedback serves as powerful content that furthers a constituent's journey. Imagine: Someone shares an online action, and you can track this share and algorithmically demonstrate how many new people signed up for the mission further down the line as a result of that one share. This is a simple thing to do, but it generates some powerful personal content.

We are also interested in data because it can help us make better strategic decisions. It provides the facts we need to argue for or against things. It lets us illustrate how an investment in technology impacts mission implementation and how it makes organizations more capable. We can be crystal clear about how we are saving the planet.

But like anything important and worthwhile, it's hard. We see that 47 percent of respondents are substantially or extremely challenged in capturing and managing accurate data on constituents, and only 51 percent of nonprofits actually measure their overall mission goals. And then we drop the other shoe: Only 44 percent of respondents say they measure their impact, and half of nonprofits report that it is challenging to gain insight from this data to make improvements. The result is that a whopping 73 percent of nonprofits can't tell if their programs are effective, and a full 75 percent of respondents say that measuring and reporting data is challenging. We need more learning, more best practices, more skills development, and more partnerships with sectors that know how to do these things.

Yet the overall picture is far from downbeat. I've been working in nonprofit technology for over a decade, and I can humbly attest that our sector has come a long way. Ninety-one percent of respondents say they are now using (or planning to use) a customer relationship management (CRM) system in some way, which is a big leap from the yesteryear of clipboards and event spreadsheets. The sophistication in working with technology has also evolved. When it comes to multichannel engagement, 85 percent of responding organizations are now thinking about how to orchestrate a digital strategy across their websites, social media, and internet advertising. Raising awareness, capturing interest, and cultivating engagement are the underpinnings of a nonprofit's digital strategy. An important new era in organizational transformation will open up as programs realize the benefits of a connected mission woven together with an amazing data strategy.

NOTHING STAYS THE SAME

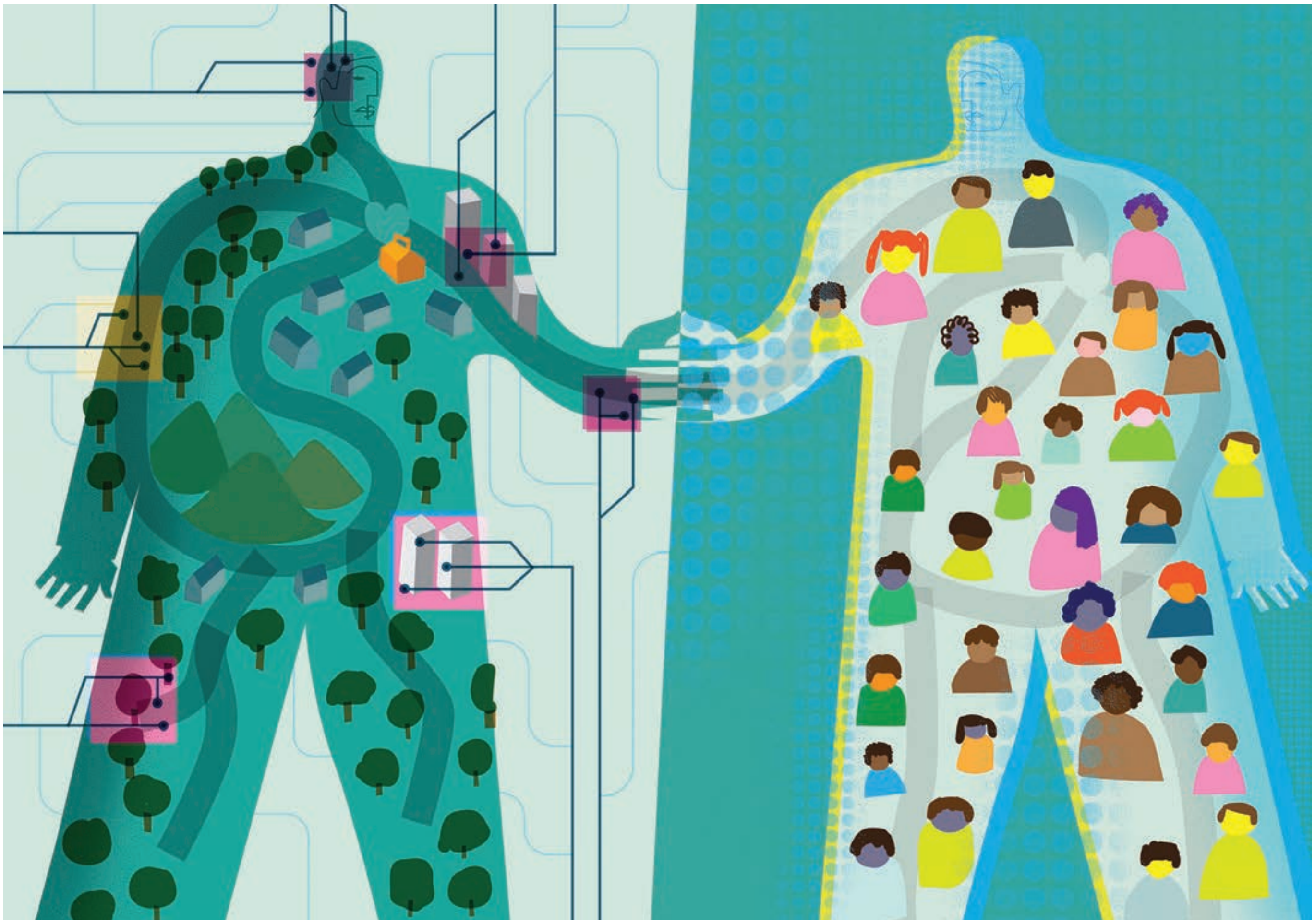
I am privileged to work with many nonprofit technology executives. Sometimes, we convene in rooms and eat boxed lunches and have nerdy discussions. One of my favorite moments—and it happens quite often—is, after a heated discussion about organizational realities, someone says (not without a touch of exasperation): "The technology is the easy part!" Then you know you have arrived at the change-management part of the conversation. Eighty-five percent of those surveyed say that they believe technology is the key to their success, while just 23 percent have a long-term vision of how to use tech within their organization. This is not a healthy situation. Boards and executive directors need to prioritize technology change management programs if they want to strengthen their organizations and accomplish their missions today and tomorrow. This includes introducing innovative thinking into their engagement efforts, crafting and communicating a strong vision that stakeholders can understand and see how it applies to their work, and prioritizing funding and management support for these efforts.

Even when nonprofits make the right technology choices, without change and adoption there can be little return on its promise. Today's most successful nonprofits embed technology in each strategy and personalize these experiences to their people and the realities of their lives. Instead of feeling like more work, such digitally enhanced experiences should feel like they do with technology at home: empowering and nearly effortless. Forty-five percent of organizations surveyed say that a lack of flexibility for organizational change prevents a strategic use of technology across departments. Another 45 percent say that lack of appropriate staff for this kind of work holds them back, and 93 percent say change management is a challenge that prevents their organizations from benefiting from new technology.

Furthermore, we need to reimagine funding. As long as information technology (IT) remains a second-tier funding priority, we will continue to consider our digital efforts as operational, not strategic. All departments should understand the tech funding paradigm and how it applies to their own work. Moving IT budgets from an operational cost center to a separate strategy-focused budget is a good move, and indeed 43 percent of nonprofits say this is happening.

There are some positive indicators that show that organizations and departments that embrace technology are experiencing positive results. Eighty-six percent of fundraisers believe technology frees up their staff time for higher-value work. Thirty-one percent of those who use CRM for donor-relationship management exceeded their goals, versus 23 percent who met or fell short of goals, while 37 percent of those who used artificial intelligence exceeded their goals, versus 23 percent who didn't. Many organizations are expanding their use of technology, recognizing that changing constituent demographics require a refresh of their base. Accordingly, they are delivering tactics that appeal to younger audiences: 39 percent cite using peer-to-peer campaigns and 45 percent cite employing volunteers or volunteer referral management. Mobile is another important factor for digital-native generations: 86 percent of surveyed organizations say that "mobile is important to me" when it comes to fundraising activities. Thirty-one percent currently use mobile apps for constituents, and 32 percent use mobile apps for their employees.

Technology first attracted me at a young age because I was intrigued by how it connected people and changed the way we engage with the world. When I came to nonprofits later in my career, mission-based work seemed a perfect application of networked technology: it connects people, it informs and inspires them, and it creates transactional opportunities that build the power of the organization. The value of a nonprofit isn't quantifiable by a profit and loss sheet. The value of a nonprofit is the presence and participation of its stakeholders and constituents—things that stoke the power of the organization. Technology creates the framework to make this real, and tracks participation, aggregating it up to a real demonstration of collective value and power. Perhaps we are talking more about evolution rather than change. The paradigm has always been there: people gathering, acting, and wielding their collective power to effect change. Technology greatly enhances this model, scales it, and makes it evident and quantifiable. Change is hard, but isn't this powerful vision worth it? ●



Data-Driven Connections for a Better World

For nonprofits to succeed in a transformed world, they need to use technology and data to create and sustain relationships with the people who believe in them.

BY ADRIENNE DAY

In terms of establishing brand identity, few nonprofits can claim the success of UNICEF and its once-ubiquitous little orange donation boxes. If you went trick-or-treating as a child, chances are, along with Snickers and M&Ms, you also collected pocket change for the social-welfare organization, which was founded in 1946 and now works in 192 countries.

Yet for many people, awareness of the nonprofit ends with that orange box, says Shelley Diamond, chief marketing officer at UNICEF USA, one of many national organizations around the world that financially support the global parent entity.

That failure to grasp the scope of UNICEF's efforts persists despite the fact it "does more than any other children's humanitarian organization around the world in saving the lives of kids," she says. And things aren't getting any easier for global nonprofits. A larger shift underway is impacting many international humanitarian groups. The political landscape in the United States and elsewhere has changed dramatically, economic inequality has reached remarkably high levels, and global crises—from the degradation of the environment to the COVID-19 epidemic—are posing huge challenges. Organizations of all types find themselves struggling more than ever with their own financial and operational health, compelling them to worry more often about protecting themselves rather than supporting others.

Diamond points out that schools once led the drive for UNICEF's trick-or-treat fundraising, but now their budget concerns have forced them to focus on raising funds for their own projects. More broadly, individual giving in 2018 declined by 1.1 percent from the previous year, according to Giving USA. The decrease is 3.4 percent when adjusted for inflation, despite a relatively robust economy. And the proliferation of GoFundMe and similar sites to raise money for a variety of causes has splintered donations further, with people now spreading their support across numerous organizations rather than two or three.

"In the world of philanthropy, if you ask people where they give money, what they care about, generally speaking, it's organizations that deal with health, or your church, your synagogue or your university, and then community organizations," with humanitarian organizations at the bottom, Diamond says. "The propensity to give reduces the further away it is from what is personally relevant to you. We live in a world where we are protecting our own civil rights, and people are very focused on their own communities. We are competing for 'share of heart,' and that's really tough to do."

The data backs her up. Seventy-nine percent of the nonprofit fundraising professionals surveyed in Salesforce's 2020 *Nonprofit Trends Report* said that recent political changes have reduced the funds available for their organization. At the same time, 75 percent reported an increase in demand for their programs. To top it off, nearly three-quarters of nonprofits report that constituents' desire to be involved in their organization's work has risen over the past five years—an increase of 16 points over the previous year.

More than ever, individual donors are important. Nonprofits that fail to create and sustain a relationship with the people who believe in them may lose their support and fail in their mission.

THE JOURNEY OF A LIFETIME

If your slice of the pie is shrinking, what can you do to keep the funds coming? According to the *Nonprofit Trends Report*, 85 percent of respondents say they "use insights from marketing and engagement data to target outreach efforts and tailor communications." To create awareness and effectively communicate with constituents, many nonprofits tailor messages to each individual and meet people "on the channels where they live," the report says. Yet just over half of respondents say that they measure donor or client satisfaction, and 34 percent take no action on the feedback they collect.

If competing for funding in an increasingly fragmented donation environment is more and more difficult for most nonprofits, then to keep funding streams strong, most nonprofits need to find ways to forge meaningful connections with new and longstanding supporters. That can't be accomplished without personalized and real-time information to identify potential donors, engage with them, convert them to becoming donors, and, ideally, create an ongoing relationship with them, Diamond says. UNICEF has mastered this art of deep, authentic, and fine-tuned connections by collecting and using the data they have on their supporters. For example, the organization tests its donation pages by the minute, enabling the team to make quick tweaks based on user behavior.

Andy Rhodes, who oversees technology, digital, and data strategies at UNICEF USA as its chief information officer, calls this relationship with donors the "journey of a lifetime."

This journey might begin in high school or college, a period of time when people tend to become more civically active. Ideally, the connection is maintained for the rest of that person's life. This theoretical lifetime donor, Diamond says, "trick-or-treated and then they went to college and became a small donor, then they made a lot of money, and they became what we call our 'next gen.' Then they IPO their tech firm and made a real lot of money, and they gave us $5 million to [support] orphanages, and then, sadly, many leave us in their will."

Rhodes's team provides Diamond and her colleagues with the data they need to connect with donors and potential donors for this journey. Actions taken along the journey will, in turn, create more data, which Rhodes's team can use to accrue deep knowledge of what their donors really care about. Armed with that information, Diamond can answer questions about how and where to engage supporters, and how to measure efforts to do so.

"In this world where maybe 1 percent of the population cares about an international humanitarian organization, having data to find those people at a zip code level, and find content that they care about—that's magical," she says.

BUILDING TRUST

According to the *Nonprofit Trends Report*, "transparency and trust are still the keys to success," with 69 percent of the surveyed nonprofits indicating that the demand for transparency around funding has increased at least moderately over the past five years.

In order to earn that trust, however, it is important to make clear what any donor is going to get in exchange for their time or money, says Alva H. Taylor, faculty director of the Glassmeyer/McNamee Center for Digital Strategies at the Tuck School of Business at Dartmouth College.

"If I give you a dollar, or if I allocate an hour of my time to spend with you, what do you promise I'm going to get out of it?" Taylor says. "What is your clear promise to your customers, your clients, your constituents? And that [promise] builds the foundation for everything else that you do."

That promise varies depending on the community an organization is working with, he notes. It should be as simple as possible, even if the strategy behind it is complex.

"If you're an educational nonprofit, your promise might be, 'We're going to increase your test scores' or 'we're going to decrease your dropout rate.' If your focus is on health care for children, the promise to parents might be, 'You're going to be better prepared to take care of your child,'" Taylor says. "Often, these organizations come up with these things that have all these big words about synergies and productivity and disruption [and lots of other] jargon, but they don't really tell you what your promise [is], and what it is you do that is different from anybody else."

Eric Dayton, the manager of digital infrastructure for the education nonprofit buildOn, expands on that concept, saying that a nonprofit ideally should tell donors the impact of their dollars immediately and over the duration of a project, a difficult but not impossible undertaking.

"We send out a unique link to a donor that is only that donor's data," he says. "When they log in, they can see, 'Okay, there's the money I gave. Here's where it went, and this is what is happening long term.'"

To realize transparency with its supporters and the trust it engenders, UNICEF's 13,000 people in the field provide real-time information on the status of the organization's myriad programs.

"How we spend your money is a key element in building trust, and we want to lay out as clearly and succinctly as possible how much of the money you donate goes to programs," Diamond says. "So if you want to make sure that the money you gave is ensuring that kids have safe drinking water, we actually have people on the ground, who are ensuring that we have that information in real time to provide to the people who have trusted us with their money."

Finely tuned data is a critical element in crafting those messages. UNICEF also collects information about each engagement with each of their constituents, and then uses that data to tailor experiences that, by being relevant to individual needs, help create trusting, life-long connections.

"Trust is something that's earned by consistent relevancy and consistent delivery of messages that are timely and important," Rhodes says, but the communication is about more than just money. "Some years it might mean making a donation, other years it might mean writing a letter to a congressperson."

And when communication goes awry by pinging supporters with information that doesn't resonate for them, Rhodes's team can quickly observe the misfires and rectify them.

"If click-throughs aren't happening on a specific topic, we know to back off on that topic, either at an individual level or at a population level," he says. "But that's the granularity of data we're looking at these days, and our digital team has only gotten better at using that data."

POINTS AND PLOTS

For all of the power that data can bring to bear on creating lasting and meaningful relationships between organizations and their supporters, it still isn't enough. Donors' demands for deeper connections require not just real-time and personalized information, but also moving stories about the good that the nonprofits they support are doing in the world. Technology can help here, too.

"It's the stories that draw people in, and technology is at the heart of that," says Aparna Kothary, director of technology operations at Global Citizen Year, a nonprofit that helps organize gap year study-abroad programs for high school seniors. "You can really build the tools to be able to collect those stories, with more frequency and more quality."

The nonprofit's website features fellow stories, blog-style updates by overseas participants in the program. It also provides alumni stories, multimedia packages about Global Citizen alumni that include videos.

At UNICEF, such stories are numerous and delivered on its website and over social media. A couple of the campaigns include airlifting midwives to help pregnant women give birth in conflict zones in Nigeria and turning harmful plastic waste into plastic bricks to build schools for children in Côte d'Ivoire. In response to COVID-19, the organization is using chatbots to provide evidence-based information to millions of young people across 42 countries.

By combining powerful data with engaging stories, organizations can execute what the *Nonprofit Trends Report* refers to as a "comprehensive engagement strategy" that ensures deep connections between nonprofits, beneficiaries, donors, clients, and partners. And by creating and strengthening those rich relationships, the collective goal gets closer, one story and one data point at a time: a better world for all.

Invading the Darkness of Child Sex Trafficking

How Shared Hope International uses digital tools and meaningful grassroots experiences to activate support.

BY MARISSA GUNTHER

For the past 20 years, Shared Hope International has been working to bring justice to vulnerable adults and children who have survived and overcome sex trafficking. Our small but powerful team of 18 staffers has managed to secure a global network and reach, leading prevention strategies, restoration programs, and justice initiatives to combat trafficking in the United States and abroad.

One of the main ways we have been able to provide our life-changing services is through the passionate and generous support of our advocates, volunteers, and donors. But in 2016, we noticed a declining trend in donor support. We knew we needed a solution to reengage with supporters and strengthen our reach within our community. By leveraging the power of our technology systems, we have been able to transform, grow, and deepen our relationship with our supporters, and ultimately extend our efforts to raise awareness about the realities of child sex trafficking in communities across the nation.

SUPPORTERS MAKE PROGRAMS POSSIBLE

Shared Hope's three-prong approach to battle sex trafficking—awareness and prevention training, restoration and empowerment for victims, and justice through legislative advocacy—is changing the way society recognizes and helps sex trafficking survivors. Training equips professionals and advocates in the field with skills to increase the identification of people who are vulnerable to and exploited by trafficking. We provide a range of restoration services to victims—both directly and through support from other service organizations—that include safe homes, medical care, education, vocational training, therapy, outreach, and intervention services. In addition, our team of attorneys works with legislators at both the federal and state level to accelerate policy actions that protect victims and hold offenders accountable.

MARISSA GUNTHER

A national network of supporters raises money and works alongside Shared Hope to make these programs possible. One-hundred percent of our financial backers are private donors, and many of our donors have been with us since day one, 21 years ago.

Due to the increase in anti-trafficking organizations opening their doors, many of which Shared Hope provided training and support to, we experienced a severe decline in our number of supporters between 2014 and 2016. In order to survive as an organization, we urgently needed a strategy to restore relationships. After a deep dive into our supporters' profiles, we quickly recognized that we needed tools to get to know them better, offer more meaningful engagement, and target them with bespoke strategies. When we realized our customer relationship management (CRM) system wasn't meeting our needs, we turned to Salesforce. It had just what we needed: scalability, the ability to customize, and compatibility with a lot of other technologies that we wanted to use.

Now, four years into the use of the system, we've seen a dramatic turnaround.

After transitioning our CRM, Shared Hope reexamined our supporter outreach and landed on three strategies. First, we would raise awareness of the warning signs of trafficking and how to respond with effective, easy to share tools. Second, we would offer meaningful experiences for supporters through the pathways of advocacy, volunteering, and giving. Third, we would maintain our multiyear supporters at a high retention rate, increase new leads and supporters, and reengage lapsed donors.

WORKING THE PLAN

We began by segmenting our supporters in order to tailor communications and outreach. With the depth and breadth of our CRM, we have been able to build out a fuller picture of donor profiles, including their history of engagement with Shared Hope. Different giving levels are associated with a targeted engagement plan and actionable daily task lists that staff can review and complete. This segmenting has even helped our staff, board of directors, and volunteers to become more hands-on, enabling them to participate in annual phone call campaigns to reach out and thank all of our supporters. For individuals whose support has lapsed, a monthly email and regular calls highlight opportunities to reengage with Shared Hope. These customized supporter messages are organized and automated in our marketing system's engagement studio, Pardot, which was recently acquired by Salesforce and is offered on its AppExchange.

In addition to targeting our supporters by giving level, Shared Hope curates communications around particular programs and interests. Supporters who are interested in policy work, for example, receive targeted emails about our work and events around legislative initiatives. Onboarding new supporters has also improved; new contacts automatically receive a series of introductory emails describing Shared Hope's work and opportunities to get involved. Thanks to segmentation, we can create scripted outreach and build a foundation for conversations we weren't able to have before.

We're also able to collect important insights about our media mix strategy. Our marketing system tracks how individuals come to Shared Hope's website through our various media channels, which we use to adjust and strengthen new lead and supporter acquisition strategies.

With our up-to-date information, we can now be strategic about how we engage and communicate with every single supporter in our system.

GROWING, MANAGING, AND EMPOWERING A NATIONAL NETWORK OF SUPPORT

Our supporters do more than just donate. We have more than 1,100 volunteers, called Ambassadors of Hope, who provide prevention education to communities and youth across 49 states and Washington, DC. In order to support and manage a large volunteer force well, we use our CRM to track contact information, resource requests, volunteer tasks, and hours. In addition, we can build a picture of our volunteer networks—tracking new supporters recruited by current volunteers—and highlight outreach and awareness opportunities in volunteers' communities.

We also invested time in developing new tools, using Shared Hope's research and expertise that can be easily and quickly consumed and shared by our network of volunteers, donors, and the general public. Some of these new tools include:

- A video series on child sexual exploitation and internet safety
- A new, inspiring activist toolkit that includes Shared Hope's latest book, *Invading the Darkness: Inside the Historic Fight Against Child Sex Trafficking in the United States*
- An initiative that provides weekly information tools to busy advocates, that take 15 minutes or less to read and share
- An advocacy engagement tool that provides our supporters with talking points and quick pathways to federal and state legislators to connect on policy issues in real time
- Interactive, self-paced online training programs for professionals

Another group of our volunteers, called Grassroots Heroes, amplifies our work in legislative advocacy. Individuals who support our campaigns can sign up to send preformatted tweets and emails to their federal and state legislators through Phone2Action (an AppExchange integrated application). Phone2Action automatically imports contact information for these supporters into our CRM and marketing systems, which frees up valuable time and labor for staff members. Single campaigns, including Shared Hope's work to circulate petitions and information around the 2018 clemency case of Cyntoia Brown in Tennessee, gathered 4,500 names in a six-month period. And in 2019, our Grassroots Heroes used our Advocacy Action Center to make 8,798 connections with their legislators and raise their voices for stronger state laws. Every year, Shared Hope grades states on the strength of their laws and how well they protect victims and hold offenders accountable. We saw 10 states raise their grades in 2019, and we have our grassroots advocates to thank for helping our policy team make such strong progress.

During the first quarter of 2020, Shared Hope introduced our Weekend Warrior initiative, which aims to equip busy supporters with weekly, easy-to-share tools that can fight child sex trafficking in 15 minutes or less. By connecting digital ads about the initiative to our marketing system, in just six weeks we brought onboard 765 new advocates across the country—which means we also brought in 765 new supporter leads. We anticipate that this group of supporters will grow as we equip them with meaningful tools and provide easy pathways for them to engage with their families, friends, and colleagues.

Our more personalized and strategic outreach and engagement has also paid off, as we've seen our new support acquisition increase by 37 percent since fiscal year 2016-2017—a rise of $368,070. We've also increased our total supporters by 19 percent, and we're maintaining multiyear supporters at a rate of 80-plus percent.

Next up, we placed our focus on expanding critical programs, with plans for staff to collaborate with national leaders, field experts, and our supporters on training, legislative advocacy, and policy work at Shared Hope's Institute for Justice and Advocacy. The institute will enable Shared Hope to dig even deeper on the issue of child sex trafficking, its causes, and solutions. Our expanded, more aggressive stance means taking on emerging challenges as they come. We just opened the doors of the institute on January 23, 2020, in the heart of Washington, DC, strategically located two blocks from the White House. We own the property debt-free thanks to a successful $2.8 million, five-month capital campaign completed in 2019.

With the doors of the institute open and our scope of work ever-expanding, we are certain our strengthened relationships with our advocates, volunteers, and donor community will continue to help us achieve our mission. Years from now, we will look back on this time and say, "That's when the tide truly turned; that's when the eradication of sex trafficking dramatically accelerated." ●

From Measurement to Success

Urban Institute's work highlights the transformative potential of investing in data and tech.

BY KHULOUD ODEH & SHENA ASHLEY

Data and digital technology are crucial for nonprofit work. They can drive innovation, improve operational efficiency, and increase mission impact. But greater adoption requires investment, capacity building, and an impact-driven case.

Having access to quality data along with the appropriate technology to elevate insights and inform decisions can be a real game-changer for nonprofit organizations when it comes to measuring work and reporting on impact. The powerful tools of data and digital technology, when used effectively, can help nonprofits make informed decisions about their use of resources, shape the design and implementation of programs and strategies, and help them differentiate their strategies and approaches for their various stakeholder communities.

Nonprofit leaders know this, and many have taken the effort to build data collection into their program strategies. But many still struggle to get the most value from data and technology. Even when nonprofits are rich in data and have access to open-source and off-the-shelf technologies, there are still real barriers to measuring performance and reporting on impact. The respondents in the second edition of Salesforce's *Nonprofit Trends Report* speak to this dynamic, with 75 percent reporting that measuring and reporting data is a challenge and that time and resource constraints are specific barriers. Even when leaders can overcome these barriers, only 44 percent say that they measure their impact at all, and 69 percent say that it is hard to share personalized impact data from programs with funders.

These numbers are disheartening, but they are consistent with what we hear from nonprofit leaders. They are also enlightening, as they underline the need for capacity-building support to strengthen and enhance the use of data and technology in nonprofits for measuring performance and impact. Given the time and resource barriers that nonprofit leaders face, it is insufficient and improper to keep placing the responsibility in their hands without providing the necessary capacity supports, such as sustainable funding to build and improve their infrastructure over time, access to toolkit resources and standardized practices for designing impact reports, and group training and peer supports for knowledge sharing.

When the opportunities to harness the transformative potential of data and technology are based on an individual organization's ability to cobble together the necessary resources and skills, it fuels a data and technology performance gap that keeps too many organizations from realizing the full potential of their assets. At a time when nonprofits report an increased demand for transparency, as the *Nonprofit Trends Report* attests, it is becoming increasingly clear that strategic use of data and technology can be a differentiator for a nonprofit. The challenge for the broader social-change sector, then, is to find ways to make access to the opportunities for performance measurement and impact reporting more equitably accessible to nonprofits of varying sizes and capacities.


KHULOUD ODEH


SHENA ASHLEY

BUILDING CAPACITY

Currently, the state of performance measurement and impact reporting among nonprofits varies widely, and resources to improve capacity are scarce. At the Urban Institute, we are fortunate to work on some of the leading philanthropic initiatives focused on building the data capacity of nonprofit organizations within an equity-based framework that centers accessibility to organizations of different sizes and openness to different approaches to delivering impact. Through this work, we have seen nonprofit organizations large and small, with and without data-focused staff and measurement systems, experience real benefits from building new skills.

Below, we highlight two capacity building initiatives: The World Bank Group-funded Measure4Change program and the Citi Foundation-helmed Community Progress Makers Fund, both of which enlisted Urban Institute staff to deliver technical assistance for measuring and managing performance data. We also describe some ways that nonprofits in these capacity-building programs have used their new data capacities to improve their measurement and communication with stakeholders.

Measure4Change | A program of The World Bank Group and the Urban Institute, Measure4Change was designed to build performance measurement capacity among local nonprofits in the Washington, DC, metropolitan area. It aims to fill the long-standing gap between what nonprofits in the city *want* in their data capacity and what they can actually do. The effort sought to deliver performance measurement training in a way that is practical and accessible for nonprofits over an extended period of time to help it take hold so that the DC region's nonprofits could better understand how they are helping their constituencies and how they can improve.

Measure4Change has three components: grant support and one-on-one technical assistance for grantees, a regional community of practice, and knowledge briefs. The unique blending of financial, technical, and community support—definitive of the Measure4Change model—helps organizations that struggle with the technical complexities of measurement and evaluation and the difficulties of the organizational changes and cultural shifts that they demand.

After working with the first cohort of grantees, we have learned that performance measurement capacity building is a "two steps forward, one step back" process. As participating organizations gain additional knowledge and tools, they often find the need to revisit or adapt previously developed resources. When surveyed, nearly all respondents commented that two years was too short a period to expect a full build-out of a robust organizational performance management capacity, much less achieve changes in outcomes. Staff turnover and challenges in implementing new software and data systems substantially limited capacity development. But the knowledge and relationships they gained through the cohort were instrumental in helping all of them move along the journey of improving performance measurement systems.

Community Progress Makers Fund | The Urban Institute also provided data capacity-building support to the past two cohorts of grantees in Citi Foundation's Community Progress Makers Fund. Launched in 2015, the fund builds upon the Citi Foundation's commitment to supporting local solutions and organizations that are building stronger, more resilient cities that catalyze economic opportunity for *all* residents.

"Community progress makers" are change agents located in six US cities who are addressing a range of urban challenges, from economic development and affordable housing to environmental sustainability and urban infrastructure. The $20 million grant initiative invites applications from visionary nonprofit organizations in Chicago, Los Angeles, Miami, New York City, the San Francisco Bay Area, and Washington, DC. The inaugural cohort ran from 2016-2017, followed by a second cohort over the 2018-2019 period. The fund provides access to individualized technical assistance on a range of measurement and evaluation topics tailored to the grantee's needs. Community progress makers also receive monthly group-based webinars focused on building data capacity and sharing new methodologies and technologies.

One of the core skills that the grantees learned was how to connect their program data with population-level data to help them develop and communicate compelling stories that raise awareness for an issue or advocate for an intervention that can influence policy at both the national and local levels. They also learned methods for sharing data with their clients and constituents to create a feedback loop to engage them in the organization's learning and performance reporting. One strategy advanced for sharing data with clients is the use of "data walks," which is a method of sharing data and analysis with community stakeholders. In a data walk, program participants, community residents, and service providers jointly review data presentations in small groups, interpret what the data means, and pool their individual expertises. Grantee organizations that have implemented this technique report that it is beneficial in increasing client and constituent engagement and investment in their outcomes.

MAKING A CASE FOR INVESTMENT

In this digital age, where data is the new currency, no business or organization can survive, grow, stay relevant to its constituents, and achieve its desired impact without strategically investing in its technology and data infrastructure and capacity. Nonprofit organizations are realizing that—85 percent of nonprofits surveyed said technology is the key to the success of their organizations—and have begun investing in digital transformation efforts. Funders who realized that, including The World Bank Group and Citi Foundation, have started supporting those efforts.

So, why are so many nonprofit organizations still behind, even when they have invested in their technology capacity? The survey provided several insights to answer this question, but the need to make an impact-driven case for investment is the most critical one. Regardless of whether the investment comes from an internal or external source, it is an essential skill for nonprofit leaders to be able to make the case, grounded in impact, for why investments in data and technology capabilities are necessary. As a nonprofit, we at Urban Institute had to build our own capacity to make a compelling impact-driven case, so five years ago, we embarked on our "digital transformation for impact" journey. Today, the office of technology and data science is informing Urban's policy research work and driving innovation for impact by applying cutting-edge technology, data science, and research methods.

Here are additional insights from the report:

Be purpose-, problem-, and human-driven—not just technology-driven. | Urban is an organization dedicated to elevating the debate on social and economic policy. Our scholars conduct rigorous research with analytic excellence and independence and share insights to help changemakers catalyze and accelerate solutions that advance upward mobility, equity, and shared prosperity. The more we focused on understanding Urban's mission, operating model, challenges, and the needs of its constituents, the more successful we were in identifying effective technology solutions.

To succeed in leveraging the power of technology and data to transform the way Urban delivers value and accelerate impact, we had to start by asking, "Why?" This gave us a great understanding of Urban's mission, operating model, and desired impact. Then we asked, "What?" What problem are we solving with technology? What challenges and technical barriers are in the way of achieving the desired impact? And what do our staff and constituents need? We found that the most significant policy research challenge facing Urban—and organizations like Urban—is how to continue delivering power through knowledge so all people can thrive in a fast-changing world. We also asked, "How?" How can we deliver the power of knowledge at the speed of change? When we continue with business as usual, we face several technical challenges:

- Traditional methods take a lot of time.
- We live in an explosion of data in terms of size, sources, and types.
- With the increased complexity of data and policy challenges, the modeling methods and calculations are getting more complex and require intensive computing power.
- Traditional dissemination methods in multi-page reports and data tables make it harder to interact and gain insights to inform decision-making in a timely manner.

We realized that to stay relevant and make policy impact, we have to move beyond business as usual. We can't empower a policy research organization like Urban with technology alone; we needed to become an empowered institute with experts who understand technology *and* policy and can leverage new research technology and data science methods to remove technical barriers, transform the way policy decisions are informed, and unlock new sources of data that help us tackle existing problems in a new light.

Think big, start small, fail fast, and scale rapidly. | Today, our office of technology and data science serves as a bridge between cutting-edge technology and policy research. We work to fill knowledge gaps by accessing new sources and new types of data, and deploying advanced methodologies to unlock them for rigorous analysis. Urban is refining policy design by leveraging advanced cloud computing, artificial intelligence, machine learning, and predictive analytics to strengthen and enhance our microsimulation and policy analysis. And we are making high-quality information more accessible and interactive using new communication tools and technology (think Data Viz, APIs, and microservices).

Our process to get here was to think big, start small, fail fast, and scale rapidly. It began with Urban's leader, Sarah Rosen Wartell, convincing the board to make a multiyear investment in technology and communications infrastructure via the organization's endowment. The aim was to go from laggard to leader in these areas and remain a recognized force in the field of policy research. Urban's leadership had a hypothesis that philanthropic investment in the programs would follow if Urban demonstrated higher capacity.

The hypothesis proved correct, and these contributions moved Urban's technology efforts from reactive to more proactive, agile, and innovative. The strategic investment allowed us to build resilient and modern infrastructure, leveraging the power of the cloud and high-performance computing. For example, to rapidly respond to policy changes, we had to adopt a decoupled architecture approach where we split data, computing, and results into three distinct layers and connect them all with a set of programmable interfaces (APIs) that can get and send the information between the layers and across other applications. And when it comes to technology, speed is everything, so we had to adopt agile methods and rapid prototypes to fail fast and deliver solutions faster. Rapid prototyping allows us to develop solutions quickly, validate them, and continue to build and improve the solution with small investments at each step. And we had to invest in providing space and resources for innovation and building a culture of continuous learning and improvements.

Our work is proof that strategic investments in data and digital technology can not only shape nonprofits, but shape nonprofits' success. ●

Tech and Data That Inform, Inspire, and Involve

The public radio and television station KQED has thrived amid a tumultuous period in the media industry by using technology and data to optimize the delivery of its grassroots journalism and improve relationships with its listeners.

BY ADRIENNE DAY

With more than 230,000 members, KQED is one of the most popular public radio and television stations in the United States. Even as changes in the media industry are decimating magazines, newspapers, and other outlets, the member-supported nonprofit based in California has not only survived for nearly seven decades, but flourished.

If you're wondering how, Tim Olson, KQED's senior vice president of strategic digital partnerships, has two words for you: reach and relationships.

Ensuring the station reaches as many listeners as possible involves some familiar and well-tested steps, such as being part of the public news ecosystem—NPR, PBS, and other outlets. Other approaches are newer, involving partnerships with technology companies such as Apple, Google, Salesforce, and Amazon.

"We want to get our stuff out there for people to consume it, whether they are using Alexa, YouTube TV, or Google News," Olson says.

But when it comes to long-term financial sustainability, getting content in front of people isn't enough; the internet has transformed the advertising business, gutting revenues for traditional publishing outlets. Coverage of local news and less sensational topics has largely dried up along with money from ads. Yet KQED's newsroom has grown at least 25 percent over the past decade and includes a robust science team. To fill the financial gap, the station needed to increase listener donations, and to do that, they had to get closer to their audience members than ever before.

"We need them to have a relationship with us," Olson says. "That's a core theme of the publishing world right now. We need to continue to move into the modern age of: You actually know me and you are providing me digital relationship touch points that are relevant to me."

Building those personalized relationships can be difficult, but technology and data are powerful and essential allies in the struggle, according to Salesforce's 2020 *Nonprofit Trends Report*. Their strength lies in their ability to provide a granular assessment of audience members, helping to provide content experiences tailored to the interests of a single person.

"We used to have a household model, and now it's obviously an individual model," Olson says, comparing it to a group Netflix account that offers different login options for different people.

It's no secret that businesses possessing and acting upon troves of data about their customers can experience extraordinary success—look no further than Google, Facebook, and Amazon, tech behemoths that are both revered and denounced for their intimate knowledge and fulfillment of people's needs and wants. With those prominent examples, it's unsurprising that 84 percent of nonprofits surveyed in the Salesforce report say they use insights from fundraising data to hone their messaging. Yet only 43 percent of them actually measure their fundraising goals, and nearly half "feel challenged in capturing and measuring data on constituents." In addition, only 44 percent of respondents say that they measure their impact, and 50 percent report challenges when trying to glean insights from the data they do collect. And 73 percent say they can't tell if their programs are effective or reaching target populations.

Clearly, nonprofits are struggling to capture and use the information they need. The challenge is two-fold: In the case of KQED, granular measurement involves capturing

not just data on the popularity of the station's programming, but also data on the communities being served.

For assistance, the station turns to its alliance with other public media organizations like NPR or PBS, which provide detailed information about their shared audiences. These combined data sets give KQED a clearer picture of what its audience wants and needs. With that knowledge, the station can, for instance, reach new audiences, provide podcasts its existing listeners might like, share information on events in people's neighborhoods, or identify nearby locations to donate blood.

The approach is similar to how the Girl Scouts use data from all 113 of its local organizations in its digital cookie program to make decisions about how to best sell their famous treats. For another example of the power of interwoven data sets, take the work done by two social scientists for Allegheny County, Pennsylvania. They built an algorithm that pulled together a fractured array of public government data about allegations of maltreatment of local children into a single score that indicated how safe the children were in their homes, explains Emily Putnam-Hornstein, one of the scientists and an associate professor at the University of Southern California. By freeing the data from its silos, it became clearer which family needed help.

More nefariously, the KQED approach also evokes Facebook, which tracks its users as they travel from page to profile to comments to videos, enabling the social network site to deliver personalized ads. Yet Olson stresses that KQED "wants to use data for good, not data for creepy." The station's focus is on informing people, not marketing to them. And like any responsible outlet trying to manage the large responsibilities that come with large collections of data, it takes people's security and privacy seriously.

Putting that data to use—connecting the right stories to the right listeners—hinges on KQED having a "suite of customer management tools" at their disposal, Olson says. The station uses NGO Connect as their core customer relationship management (CRM) software and Salesforce Marketing Cloud to generate emails and other forms of outreach. Other tools help with the management of events, donations, and marketing. All together, they enable "a curated, personalized experience," Olson says.

The benefits of custom-tailored content feeds are clear. But there are risks, too. More and more concerns are being raised about constrictive bubbles of news and views that insulate people from important information and strain social bonds. To counter that threat, KQED editors strive for a hybrid model—every listener might get a relatively uniform update about COVID-19, for example, but individuals might receive personalized information about where to pick up personal protective equipment based on where they live.

The goal, Olson says, is to smartly distribute grassroots journalism in all its forms to the station's listeners, not create a "filter bubble of editorial." As KQED's motto puts it, technology and data should "inform, inspire, and involve."

Driving Social Change With Data

Data is a powerful tool for creating social change, but it can fail to deliver if it lacks rigor or exists in silos. With the right approach, "you can just let the tools do the work," says the manager of digital infrastructure for the education nonprofit buildOn.

BY ADRIENNE DAY

In 2012, Eric Dayton was a recent college graduate who faced a tech problem that would shape the course of his career. Experience Matters, a nonprofit based in Phoenix, Arizona, wanted him to integrate two isolated spreadsheets. One sheet had information about local volunteers, while the other had data on local community organizations that needed volunteers.

One challenge was that Dayton had studied international relations, not computer science. He didn't code—his university in Botswana barely had the internet. Experience Matters also lacked a data team to help him. And he knew nothing about Salesforce, the software that the nonprofit wanted him to use to eliminate the tedious process of an employee scanning two disconnected spreadsheets in order to sync volunteers' skill sets with locals' needs.

Like many people in their first job, Dayton learned as he went. He figured out a system to connect the groups of data. The pace of connections started to pick up: Not long after the new system went live, a former Intel engineer used it to connect to underserved kids at a local music school and build them a sound studio. Other successful projects soon followed.

The experience showed Dayton the power of easy-to-use, scalable software to turn raw information into something that could make a difference in the real world. It also launched his career as a data manager and gave him insights into the haphazard approach to technology that many nonprofits employed and still use today. "We don't have teams of engineers," he said. "We don't have teams of data scientists. We don't even have teams of database administrators."

Dayton's own organization, the education nonprofit buildOn, is one exception. As the organization's manager of digital infrastructure, he oversees a suite of data tools that is essential to running complex, collaborative, and geographically distributed tasks to construct schools in poverty-stricken countries around the world and run education and community service programs in the United States. In Malawi, Dayton said, buildOn might coordinate 15 to 20 simultaneous projects with numerous stakeholders across 100 different communities that have varying degrees of connectivity to the internet. And that's just one country.

"If [people on a project] are traveling to and from those communities by motorbike, if they're writing things down on a piece of paper and traveling back to the office and then entering data manually, a lot is going to get lost in translation," he said in describing the challenges. One solution he is piloting is an app that will allow anyone working on a project to make updates from the field through text messaging. The app uses a chatbot-like interface with preprogrammed conversation prompts that cover an organization's every activity and goal so a user can indicate, for example, if they've dug latrines or worked on a foundation that day. The app will also sync up with outside sources, such as the Malawi Ministry of Education's database. The connection will allow for more surgical analyses, such as figuring out where a school is most urgently needed. This prepares buildOn to prioritize those communities and scale their work accordingly.

BREAKING DOWN THE SILOS

Dayton said that his experience in Malawi and buildOn made clear how important it was to not just track data, but tie it all together. Otherwise organizations face the risks of "data silos"—a collection of information maintained by one part of an organization that is isolated from and not accessible from other parts of the organization.

When data is trapped in silos, people tend to work in silos, Dayton said. Effective collaboration requires a single source of truth and shared set of facts, and software like Salesforce can help create them, he has learned.

Much of his experience is echoed by other nonprofit professionals. For the second year in a row, Salesforce surveyed hundreds of nonprofits from around the world to assess what issues, trends, and opportunities they were experiencing. The resulting *Nonprofit Trends Report* (2nd edition, 2019-2020) concluded that "data is fast becoming the lifeblood of nonprofits as they seek to improve—and prove—impact." Part of the focus on data is a concern with communication. With finely tuned data, a nonprofit can share information about outcomes and opportunities that might appeal to their supporters as a whole or subsets of them. Those targeted stories can lead to the donations that keep nonprofits running.

These increasingly sophisticated data systems reflect broader changes in the social sector to emphasize "people-centered services," said Emily Putnam-Hornstein, an associate professor of social work at the University of Southern California and director of the data-integration platform Children's Data Network. When these data systems were originally developed, they were developed around funding streams and a particular way of delivering a service, she said, an approach that created a "narrow vision" of who nonprofits were serving. That, in turn, blocked organizations from potentially making big advances with the help of knowledge that spanned more than a single perspective. Siloed information makes it difficult—if not impossible—to understand the "efficiencies that might be gained if we coordinated services differently," she said.

Without a common place to collect information on their constituents, nonprofits cannot effectively connect with the communities they serve or their donors. They can't easily reach new audiences, respond to new challenges, and capitalize on new opportunities. They become less agile. They may flounder rather than soar in the face of rapid change. Yes, 58 percent of nonprofits capture data on client or program participant satisfaction, the Salesforce report found, and another 51 percent measure donor satisfaction. But one in three nonprofits do not act on the information they collect, perhaps due to flawed data or lack of collective access, especially if the

data is trapped on a spreadsheet or in a handwritten survey.

TURNING ON THE LIGHTS

It's a lot harder to improve a program if you aren't able to measure its success, notes the trends report. But how can we measure success in a sector where the bottom line is not purely financial? The answer is that many nonprofits do not. They just "bowl in the dark," to borrow a phrase from Melinda Gates' seminal 2010 TED Talk, "What Nonprofits Can Learn From Coca-Cola."

The bowling metaphor gave Dayton a useful perspective on his own work: "You hear the pins go down. You think, 'Wow, I did an awesome job!'" he said. "But then the lights come on and only one pin has fallen."

Without real-time data, there is no light, Gates said. It's a lesson Coca-Cola knows better than most with its massive distribution network. If a store in Malawi runs out of the beverage, the company knows and can quickly ship more product to that location. Or if sales flag in San Francisco, Coke can identify the problem and try to address it.

Nonprofits should embrace a similar model, Dayton said, by adopting a theory of change that they constantly evaluate, with perpetual feedback loops built in at every stage and every level of a project. But what does that mean for an organization that is about more than moving a certain number of units of a particular product? For one, nonprofits need to collect performance data not only to measure the impact of a particular project, but also to drive continuous improvement within the organization itself. Jarrod Bell, CTO of Big Brothers Big Sisters of America, who spoke on a recent *SSIR*-Salesforce panel, said that such data can provide "not just a report of what's happened, but also [the opportunity] to experiment around innovation, and actually tweak our programs based on the kind of feedback we see in the system."

Getting at such valuable information is not always an easy task. Seventy-five percent of nonprofits surveyed said they struggled with how to measure and report data, according to the Salesforce survey. Another 47 percent said that capturing and managing accurate data on constituents is a challenging, complex undertaking that the report described as requiring new and deeper levels of data, goal setting, automated processes, and the rigorous tracking of results. For nonprofits to effectively create change, everyone in the organization needs to have access to information about the people they serve. Then they can begin to analyze performance metrics and overall impact.

To make matters even more complicated, many donors now expect this kind of data be delivered to them: Sixty-nine percent of nonprofits surveyed said that the demand for funding transparency has increased at least moderately over the past five years, up from 64 percent in 2018. Donors want to know their dollars are going directly to the people who need it most and not getting tied up in bureaucracy or helping to inflate an executive director's salary.

Being thoroughly transparent also creates longer-lasting and richer connections between nonprofits and donors, according to the report, because nonprofits that do so also better understand their supporters and can clearly communicate with them regarding content, opportunities, and outcomes.

This is important because "emotions are just as powerful as the data," said Becky Johnson, vice president of constituent experience and digital transformation at the American Heart Association (AHA), speaking on the *SSIR*-Salesforce nonprofit trends panel. "People don't remember what you do—they remember how you made them feel."

AHA's recent fundraisers pulled in almost a billion dollars, which ensured the organization can conduct its life-saving research. Part of hitting that goal is understanding donors the same way businesses understand buyers of their products, said Johnson, who formerly worked for big brands like PepsiCo. Donors are like consumers, she said—they want emotional feedback when they part with their money; donors want to see who they helped and feel for them. "Show me a face," she said. "Tell me a story."

Stories of schools built and lives changed pour through buildOn's social channels. It's clear the nonprofit knows how to emotionally connect with its donor base. Another way it connects with its supporters is by directly involving them with its work. Through its Trek program, buildOn not only brings people together to raise and contribute $30,000 to cover the cost of building one school, it also involves them in the actual construction.

Dayton notes that Trek participants need to be able to raise the funds themselves. "We can't possibly hire enough development staff to go in and manage every single one of those individual donors, so we empower those people to be fundraisers," he said. "Then they engage their communities to do that work."

Organizing the projects was another data-wrangling challenge that Dayton solved in 2014 with the Salesforce platform Classy, which enables peer-to-peer fundraising and crowdfunding. From 2013 to 2018, the number of Trek donors went from 500 to 15,000, a leap that Dayton said was largely made possible due to the technology.

"It's all about scalability," Dayton said. "You don't need a staff to manage this—you can just let the tools do the work." ●

Creating a Digital-First Strategy

Nonprofit leaders should think less about the technology and more about the people who will use it and the goals they hope to achieve.

BY ADRIENNE DAY

When Sarah Angel-Johnson came to the Girl Scouts as its first-ever chief digital cookie executive, she took over an $816 million business tied to a century-old institution. Her mission: help modernize the organization and grow its cookie sales into a billion-dollar enterprise.

Keeping with the Girl Scouts' goals of teaching self-reliance and service, Angel-Johnson saw an added opportunity to infuse some modern business sense into the nonprofit and transform it from a pen-and-paper operation into a digital-first operation.

"We are doing our girls a disservice by not teaching them leading-edge business skills," she says. "We should we teaching girls about e-commerce, supply chains, and data analytics, and you can't teach that if you're just walking around with [order slips]."

Angel-Johnson spent more than 16 years at IBM; she knew the for-profit world inside and out. So when she landed at the Girl Scouts in 2014, she faced an adjustment. "Where is my team?" she says she wondered. "There was no supply chain. There was no financial management." Angel-Johnson freaked out.

But then she got to work. "As a technologist coming from IBM and having a large team, and then moving into a Wild West where anything goes and knowing what you do [will affect] 1.8 million girls' lives, I just knew I had to get it right," she says. And Salesforce was at the heart of that transformation. The first iteration of the project wasn't perfect, she admits, but from there, "digital cookie became better, better, better, every iteration after that."

Angel-Johnson's experience mirrors that of many other nonprofit employees. For the second year in a row, Salesforce surveyed hundreds of nonprofits from around the world to assess what issues, trends, and opportunities they were experiencing in the sector. The resulting *Nonprofit Trends Report* concluded that 75 percent of nonprofits reported an increase in demand for their programs, and a whopping 85 percent agreed that technology is the key to future success.

Despite these stats, program teams lag behind other departments when it comes to adopting new technologies, the report says. Although the vast majority of nonprofits say that technology can replace a lot of time-intensive manual tasks, about one-quarter say they still reply on paper for most activities.

So, why is it that large and complex nonprofits like the Girl Scouts have only recently decided to take their wares online? For one, it's hard to make systemic change if you don't have the proper resources for it. Many nonprofits are underfunded and lack proper IT support. The *Nonprofit Trends Report* finds that many nonprofits have a hard time funding the types of technology they need to grow their programs, with 51 percent of nonprofits reporting budget constraints and 40 percent not being able to prove return on investment.

Aparna Kothary, director of technology at Global Citizen Year, which helps young adults with "gap year" study-abroad programs between high school and college, says it is critical to convey the value of technology to leadership prior to implementation, because the tech does "come at a cost." Since most nonprofits have limited resources, she says, your first hire "is not going to be a technology person, for the most part—you are going to focus on your program and on fundraising." Thus, when you get to the point of expanding your tech, you need to persuade leaders that it is a good investment.

"Figuring out how to show the impact of a technology implementation [to leadership] is key," Kothary says. She recommends trying to answer these questions: "What's the return on the project? How much time will it save staff members? How much frustration will it save people? What information will it give us that we didn't have before? What abilities will it give us that we didn't have before?"

With 52 full-time employees, Global Citizen Year is a relatively small organization, but large, established nonprofits often develop deep, disconnected data silos over many years of operation. The Girl Scouts, for instance, is made up of 113 separate 501(c)(3)s—so trying to implement a digital strategy was no small feat, Angel-Johnson says.

"Nonprofits tend to recreate the wheel every time [they launch a project], instead of trying to come up with a framework and infrastructure to address different needs," says Robert Goerge, a senior research fellow in public policy at Chapin Hall at the University of Chicago. "They have all these one-offs, but there's no long-term planning around building databases or even storing data in a way they can use in the future." Goerge says this is more common for small nonprofits with fewer departments, but that a persistent problem is developing a "common structure [that can] address all needs." This echoes another finding from the survey: Organizations that have "fully aligned" strategies informed by robust data are the most likely to succeed.

What does it mean to have a fully aligned strategy? For Angel-Johnson, it meant getting the Girl Scouts' 113 separate nonprofits to work together as a unified entity. And Salesforce, she says, was at the heart of that transformation, because the first step was to pull all of their data and their customer insights together, which the Salesforce platform enabled her to do. "If you can't understand the insights of your business and your customers, it is very difficult to move forward in a transformational way," she says. But if you can channel the power of 1.8 million girls, she adds, "you can change the world."

THE GREAT MEGAPHONE

How can nonprofits adopt a digital-first strategy? For starters, it's about the strategy, not the technology, says Alva H. Taylor, faculty director of the Glassmeyer/McNamee Center for Digital Strategies at the Tuck School of Business at Dartmouth College. "You first have to start with a great understanding of what you're trying to do, what your goals are," he says. "And then digital is the tool that expresses and executes your strategy."

Adopting this perspective can be a problem for nonprofits, Taylor says, because the way they measure success—success by which they plan future programming—can vary widely. For example, if you are measuring the impact of a program on the health of a particular population, you won't know if you've done it right until a few years down the road. "So, it's important in that environment, for both funding and execution, that you're clear that everything you do focuses on your promise to your constituents," he says. "And digital should support that."

Angel-Johnson agrees with this sentiment. "I don't want to talk tech first," she says. "It's about the human that you're trying to impact from a social perspective." Human-centered design thinking needs to drive the iterative process of finding solutions to problems, she says, to benefit the human experiencing the digital innovation. And in order to connect with that human, Taylor adds, you need "a clarity of voice, mission, and brand"—which is what digital truly excels at, he says. He calls digital a "great megaphone," which is excellent at broadcasting a message, but if your strategy is not clear at the outset, "then you are just yelling as opposed to communicating."

The flip side of clear and consistent communication means that consumers now expect this standard from both profits and nonprofits alike. "You can't just be giving people a quarterly project update," Taylor says. "You've got to have a system set up so they know where you are in the project." If someone can order lunch via Postmates and know where their food is every step of the process, then they will expect to know how, where, and when their money is being used to further a cause. That's the level of specificity people now expect, and if you can do this via the technology you implement, "the easier it is for these companies to work with you, the easier is for constituents to work with you, and the easier it is for people to fund you," Taylor says. "If you want to grow, that's not an option."

The majority of nonprofits see scaling as essential. And, accordingly, says the *Nonprofit Trends Report*, 41 percent of them are scaling their technology and infrastructure to meet the growing needs of their constituents. They have no choice: Modern nonprofits face a new landscape with many pitfalls and challenges, the fate of the world seemingly in the balance.

"I think that nonprofits are changing even faster than for-profits," says Angel-Johnson. "And so that means nonprofits are going to have to change the way that they scale and grow to have deeper social impact than ever before." But with radical change comes new opportunities. "Only one person in history is ever going to be able to say that they digitized the hundred-year-old cookie program," Angel-Johnson says. "That's huge to me." ●

Being a Digital-First Leader

The adoption of new technology requires nonprofit leaders to embrace humility and nurture a flexible and adaptive culture.

BY ADRIENNE DAY

If you are in the business of shepherding a nonprofit into the next decade and beyond, you will likely hear the phrase "change management" a lot. That's because transforming a nonprofit still wedded to pen and paper into a thriving digital-first operation takes a good deal of both "change" and "management" to succeed.

Aparna Kothary, director of technology operations at Global Citizen Year, has first-hand experience with change management. She had to implement new technology to help her nonprofit, which organizes gap year study-abroad programs for high school seniors, measure the impact of their work. The task forced her to realize that she not only needed to get buy-in from top-level management, but also to approach the process itself with patience and acceptance of setbacks.

"When you put a lot of work into building something, you think it's great and you want everybody else to think it's great, but approaching it with humility is so important," she says, "because people are going to poke holes in it and see things that you didn't see." In addition, people learn in different ways and have different skill sets, and so foisting online trainings on staff without support in place isn't fair, she adds. "If our end goal is user adoption, it's our responsibility to train people in a way that works for them."

Setting expectations for new technology adopters is also important. Early on, things can be "a little messy," Kothary says. A demo or early iteration of a new tool is frequently not the final version of that tool, and so being explicit about that expectation is vital. In her own case, she has found that really listening to stakeholder input around the development of new tools is "really, really powerful."

"Instead of saying, 'Here's this shiny new tool we are going to use forever,' maybe say, 'This is phase one of a three-year project, and every year we're going to improve a little bit more, and here are the things we're going to look at, at the end of the year to understand how it's working, and what can be made better,'" she says. If stakeholders know that their input is valued, it results in a better end product.

TECH LEADERSHIP

Improving an organization's culture this way requires leadership. According to the second annual *Nonprofit Trends Report* produced by Salesforce, leadership must not only lead the adoption of new technologies but also help nurture a culture that is open to embracing new technology in the first place. But 45 percent of nonprofits state that they lack the flexibility and adaptiveness that the adoption of new technology demands.

Alva H. Taylor, faculty director of the Glassmeyer/McNamee Center for Digital Strategies at the Tuck School of Business at Dartmouth College, also stresses the role of leaders when introducing new technology to an old organization. "Leadership has to understand it and know the importance of it, and also communicate [that importance] to everybody in their organization," he says. Part of this transmission might involve showing how the new tool is compatible with how they've done their work in the past, while "really trumpeting the benefits" of adoption, Taylor says, so that new users can see how the new tool might make their lives easier or save them time. Management might even put a running counter or have a board that shows how something has been improved by the implementation of a tool, to help speed the tool's adoption by staff. But the challenge is ultimately about management "communicating or even overcommunicating" the importance of a new tool, and then giving people kudos once they've mastered it, Taylor says.

The *Nonprofit Trends Report* shows that, on average, different departments have different rates of adoption of new technologies. While 79 percent of nonprofits have a customer relationship management (CRM) system in place, a smaller percentage use CRM strategically across departments or to report back to their funders. Without "full adoption of technology," the report suggests that nonprofits may not get the maximum return on investment, adding that "71 percent of respondents state that the technology they use at home is more productive than what they use at their nonprofit."

So, how do nonprofit leaders speed the adoption of promising new tech across all departments? As the only dedicated IT staffer at Global Citizen Year, Kothary says that showing leadership the return-on-investment (ROI) of a technology project can help with leadership buy-in. Unfortunately, showing ROI prior to implementation of a tool is a problem for 40 percent of the nonprofits surveyed in the report. For nonprofits facing this problem, Kothary suggests thinking about the status quo and current processes around a particular task, and then trying to assess any positive change that might come with the implementation of a new tool.

"How much time does it take someone to, say, put contacts into Salesforce manually, and what else could they be doing with that time?" she says. "And then, say, here's what we suggest in terms of an implementation, and this is roughly how much it's going to cost and how much time it's going to take to build and train [staff on it]."

Kothary adds that if you run the numbers and it doesn't seem like you'd break even over the next three to five years, then maybe it's prudent to consider another solution—or perhaps even do nothing at all. She says to be mindful of implementing a "really expensive solution for a very small problem," and to maybe wait for a better solution to come along.

ROCKS BEFORE PEBBLES

With leadership must also come planning. Of the nonprofits surveyed in the *Nonprofit Trends Report*, 85 percent say that technology is key to the success of an organization like the one they work for, but only 23 percent say they have a long-term vision for the technology they plan on implementing. This can lead to what Sarah Angel-Johnson, chief information officer at the education nonprofit Year Up, calls the "rocks and pebbles" problem.

When Angel-Johnson started at Year Up in June of last year, she found a lot of "rocks and pebbles" that had been piled into a metaphorical jar "the wrong way." There were hundreds and hundreds of tiny projects, she says, all in unintegrated silos across the entire enterprise, jammed into the "bottom" of the jar, so that the "big rocks"—i.e., the big projects or solutions—couldn't also fit inside the jar. Staff were so busy with the little projects—none of which were integrated into a larger business plan—that they had no time to address the important stuff. "Let's not talk about the technology or the architecture first," Angel-Johnson says. "Let's talk about the human on the other side [experiencing a digital innovation]."

"If you have a jar and you fill it with sand first, then pebbles and rocks, it won't all fit," Angel-Johnson says. "But if you fill the jar first with rocks and the pebbles and then finally sand, it will all fit." In other words, leadership needs to establish priority projects and execute on them before pivoting to anything else. So Angel-Johnson had her staff design end-to-end "user maps" to understand the complex interrelations of all stakeholders, including students, corporate partners, donors, staff, and more. "Once we start seeing that user journey, we can then start prioritizing [issues], if there's a business case behind it, or there is an ROI, whether it is financial or mission impact, using the human as your north star," Angel-Johnson says. She's halted the majority of her team's work so she can pay attention to filling the jar with the "biggest rocks" first. "Now, there is one Year Up technology strategy and road map, period," she says. "An IT [department] that has its own strategy makes no sense to me."

Developing a nonprofit-wide strategy can be difficult, but it's critical to an organization's long-term success and can only happen through leadership buy-in. Jarrod Bell, chief technology officer at Big Brothers Big Sisters of America, elaborates on how his organization achieved what he calls their "journey of transformation" to become a tech-savvy nonprofit. "Painting what the vision was for technology at our organization, tying that to the mission, having that message come from our president and CEO, having that message resonated by our board, finding evangelists in the business who understood that vision ... that have large peer networks and have them reverberate those messages as well, and then repeating it over, and over, and over again," Bell says.

Such a campaign demands enormous investment, but there may be no alternative. "Transformation is difficult, because transformation is change, and change is hard," says Becky Johnson, vice president of constituent experience and digital transformation at the American Heart Association. But "the world has changed," she says, "and we have to change with it." ●

Technology Is Her Compass and Data Is Her Guide

Pencils of Promise CEO Tanya Ramos blazes new trails as an early adopter of digital tools.

BY DEVI THOMAS

When Tanya Ramos took the helm of Pencils of Promise (PoP) two years ago, she was already a lifelong evangelist for the brand. As the first college graduate in her family, Ramos saw the nonprofit's mission of leveling the playing field to make education available for all as a natural fit for her career. In this interview with Salesforce.org Global Head of Communications Devi Thomas, Ramos talks about the importance of being an early adopter and how her visionary leadership has brought data to the center of her organization's work.

Devi Thomas: *How did you get started at Pencils of Promise and what led you to this cause?*

Tanya Ramos: Most of my work was domestically focused and related to education. When this opportunity presented itself, it offered such a great marriage of everything I had done over my career. I'm a Latina, first-generation college graduate, so my career has really been about ensuring that children who look like me would have the same opportunities. That came in the way of college access and having the joy of being able to fundraise for missions that really resonated with me. It was very natural for me; my mantra has been that every child should have access to a quality education, regardless of what zip code they are in, and that was what my work was domestically focused on. Now, it doesn't matter what country they are born into or what circumstances they are born into. Every child should be able to leave school literate and be able to change their life trajectory, and PoP has enabled me to make that happen.

DT: *Tell me a bit about how the organization looked when you took over. What were some of the biggest challenges that you identified?*

TR: PoP has always been an innovative and data-focused organization. An organization that is data driven and has leveraged that data to make informed decisions around our program delivery and our school builds.

That is indeed what it looked like when I arrived.

The biggest challenge I faced at the time of my appointment was change management. I was a new leader coming into the organization after more than three CEO shifts in four years. As with any leadership change, there were staff transitions as well, which contributed to talent gaps—which is not easy to navigate during leadership change. This, coupled with some teams working in silos, contributed to communication challenges that needed to be addressed.

We get instantaneous feedback that allows us to make timely, programmatic decisions and tell a transparent story about our impact. That has remained true to this very moment.

DT: *What was your relationship with technology before you took this job?*

TR: Because I work in fundraising and managing relationships, technology in any form was always part of my being effective, efficient, and innovative. So I was always an early adopter and I gravitate toward tech to be effective and fundraise for the causes I care about.

Ironically enough, I met your CEO, Marc Benioff, more than a decade ago when I was working with the Taproot Foundation. The organization was using Salesforce and it was an amazing platform. We were collaborating with The Warner Foundation, and we gave Mr. Benioff the innovation award at one of our first events.

DT: *How and why did PoP become an early adopter of digital tools?*

TR: Our founder, Adam Braun, was always very forward-thinking and he came from the for-profit realm, where they had resources at their fingertips. His vision for PoP was to create a for-purpose organization that would ensure education for all and did not forgo the many innovations and technologies that for-profit companies use—we just had to find the ones that work best given the constraints of our resources. That being said, he was one of the first adopters of Salesforce because he wanted to find an equivalent to what he used at Bain & Company.

All of the team members who started with Adam, many of whom were early on in their own career trajectories, signed on and adopted quickly because they saw the value. In subsequent years, any other team member who was brought into PoP knew that Salesforce was the CRM [customer relationship management] that we use. They knew how we leveraged it and I would say it was very much a part of the fabric.

PoP is a leader in the application of technology. One thing I'm always able to point to that's reassuring is that PoP has always relied on Salesforce throughout the organization's history, not only as a robust system for managing strategic partnerships but also as a way to live-track our impact in the countries that we operate, which are primarily Guatemala, Laos, and Ghana.

So, let me unpack what that looks like, starting with the impact side of the house. Salesforce gives us real-time updates that alert us to when a school breaks ground in one of the countries where we operate. And when a student literacy test is conducted, or when a water, sanitation, and hygiene (WASH) workshop is completed, we get instantaneous feedback that allows us to make timely, programmatic decisions and tell a transparent story about our impact. That has remained true from our inception to this very moment. It's been really reassuring that the impact team has stayed focused on ensuring that Salesforce is up to date.

I can't do my job unless I am able to get weekly updates and review where we are relative to our goals and where we need to be. When major donors are on my calendar, I need to be able to quickly see donation and communication history. Those were the things I was always accustomed to having and I certainly had initially when I came to POP. As you can imagine, we are dependent on that as a field team and a global team.

DT: *What challenges have you faced internally in making the case for change with those who are hesitant to adopt new tech?*

TR: When we transitioned to newer hires, we saw some challenges with adoption of our platform on the fundraising side. This, of course, outside of impact is the second most important thing we do because it keeps the lights on and enables us to have the impact that we intend to have. So, that is where it was most challenging because we continued to have all the real-time data that we needed around impact, but the fundraising updates were lagging behind because many of the new team members were not leveraging it to the degree that they needed to. So, that was something we needed to address ASAP.

And I would say with the newer team, the biggest challenge was that we needed to change user behavior. Anyone who knows a CRM platform knows that the system only functions if everyone is tracking with it correctly.

Folks at PoP were accustomed to leveraging technology well before I came on board. In the past eight months of my tenure, we have been helping our new leaders learn Salesforce because some of them weren't using it in their previous jobs. And I think new team members were feeling overwhelmed with trying to get up to speed with being clear about their respective goals and the overarching goals of the organization, and simultaneously trying to learn a platform. We always articulated that keeping on top of Salesforce was important and something that we needed to maintain for us to have a dashboard and stay on track with our goals.

DT: *What were some of the tools you used to get your new team on board with that digital-first mindset?*

TR: Well, just to be clear, it's ongoing. But at the end of the day, I know it starts with leadership and that as CEO, I need to invest in maintaining our core value of innovation and expanding our solutions. I believe I have

TANYA RAMOS

a responsibility to advance our technology footprint.

We recognize that a big part of being successful is leveraging our CRM the best we can. We ended up hiring a consultant who was an expert in Salesforce, and this resource partnered with our in-house Salesforce guru. Cloud for Good worked with the team to clean up the majority of our records and supported our guiding principles and plans to get where we need to. That was a game changer. Many of our team members were new and this expertise was needed while they were given the space and grace, as I call it, to get up to speed. Then we had socializing meetings, getting the team accustomed to hearing the terms around Salesforce and getting them to have some "skin in the game" in updating their respective records or asking them to create dashboards for the portfolio of relationships they were managing.

I'm happy to report that, now, with nearly eight months under their belt, they're making sure that Salesforce is up to date and that we're leveraging it in the way that we have always done over the last decade, and it's feeling like we're certainly on the right track. We're not unique in this experience. And we're very much aware that as we continue to grow, more and more focus needs to be placed on training and support.

DT: *Tell me some outcomes you're starting to see because of it. It's a mental shift in some ways, isn't it?*

TR: That's exactly right. Overall, part of our secret sauce at PoP is how focused we are on data. It's really enabled us to distinguish ourselves from our peers. We have a powerful brand identity relative to our use of digital and social media, while other organizations have had to adapt to accommodate a digital landscape. PoP has organically, and I want to say almost seamlessly, embraced and owned that space.

DT: *So, are you saying that unifying and leveraging your data has had repercussions for your nonprofit brand?*

TR: I could not agree more that we have future-proofed our brand by creating more transparency and visibility through data. I will say that for our size, we've really developed a brand that's highly recognized and we punch well above our weight. There's no doubt that Salesforce has really contributed to that.

DT: *What's next for you in terms of digital innovation?*

TR: Innovation is a team effort here and it has to start from the top. Our senior leadership has to model digital behavior for it to have legs. We've also managed to ensure that there are leaders on every team who prioritize Salesforce in every country we work in. In fact, 100 percent of the data we collect globally is collected digitally. That speaks volumes to the commitment of our teams.

When we take visitors to our schools in Ghana, they see teacher interventions being entered and reported on in our Salesforce reports. Every PoP team member learns how to review data in their digital forms and then source them to Tableau dashboards—this is how we all tell our story with numbers.

We will continue to use digital technology to maximize our efficiency and transparency and to meet stakeholders where they are. For example, we are actually set up to receive donations no matter how they come in. When we got our first donation in cryptocurrency in 2017, we thought, "How can this best serve our students?" We adjusted our flexible digital platform to allow a $1 million donation in cryptocurrency—that's how cutting-edge PoP is today and we will continue to break new barriers in this way.

Our programs have just continued to mature and become better because of our data and our tech-friendly DNA. Donors see that and love it. For us, all that data creates limitless value. ●

RESEARCH

HIGHLIGHTS FROM SCHOLARLY JOURNALS

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NONPROFITS & NGOS

The Paradox of American Health Care

BY DANIELA BLEI

For many scholars, policy makers, and members of Congress, nonprofit hospitals aren't earning their tax breaks. They say that health-care nonprofits, including insurers, nursing homes, and other medical providers, have become commercialized in recent years, making it difficult to distinguish them from their for-profit equivalents. John Colombo, a professor of law emeritus at the University of Illinois at Chicago and an expert on tax-exempt organizations, points to the complex corporate structures of many nonprofit hospitals, ranging from formal ties to businesses to an array of commercial offshoots, to argue that charitable hospitals are no different from profit-seeking entities. Today, charitable hospitals are second only to housing nonprofits in their use of taxable subsidiaries, and their commercial behavior has been shown to boost competition with for-profit hospitals. Given these contradictions, do nonprofit health providers still deserve their tax-exempt status?

According to Jill Horwitz, vice dean for faculty and intellectual life and a professor of law at the UCLA School of Law, the answer is a resounding yes. In a chapter on health care in the new third edition of *The Nonprofit Sector: A Research Handbook*, edited by Walter Powell and Patricia Bromley, both professors of education at Stanford University, Horwitz challenges the narrative that nonprofit hospitals "have lost their way," operating as "for-profits in disguise" that have become excessively or inappropriately commercialized.

When Horwitz was in law school in the 1990s, she noted how commentators responded to a wave of hospital conversions from nonprofit to for-profit. "They said it didn't matter because nonprofits and for-profits were exactly the same," she says. "Intrigued, I started doing some reading and realized that people who thought ownership didn't matter were looking only at limited financial measures and not the services hospitals provide or the quality of care—the things we actually care about when we go to the hospital."

Examining the history of charitable health care in the United States, Horwitz debunks the notion that organizations established long ago to help the sick and the poor have only recently become despoiled by commercialization. "Even if nonprofit status and commercialization is an American paradox," Horwitz says, "it began with colonial health-care endeavors."

Her research shows that since the early American republic, neither government nor private donors have been willing to foot the bill for delivering the care that patients need. The 1811 charter of Massachusetts General Hospital, for example, required it to "support thirty sick and lunatic persons who were charges of the state." To cover the cost of caring for other patients, the hospital charged for services. At almshouses—precursors to today's nursing homes—patients were put to work, scrubbing, knitting, sewing, farming, groundskeeping, and whitewashing buildings to offset expenses. Philadelphia Hospital, founded by Benjamin Franklin, admitted poor patients, promising free treatment, but only with "a security deposit from the local overseer of the poor as indemnification," Horwitz writes, "so that the hospital would not be stuck paying for the transport or burial of the patient's dead body."

Drawing on the historical record, Horwitz makes it clear that the supposed "golden age" when "health providers acted entirely outside commercial markets, serving those in need without compensation," never existed. The more effective and expensive health care became, the greater the need for nonprofit hospitals to find revenues. At least some commercial activities, Horwitz says, "have allowed charities to cross-subsidize in terms of both underwriting care for poor patients and, as importantly, refraining from oversupply of profitable services."

"Horwitz considers the outcomes we would like these nonprofits to provide—the provision of unprofitable services, or services to the poor—instead of trying to rationalize how health care fits into the nonprofit sector," says David Cutler, a professor of applied economics at Harvard University. "The idea is to evaluate these nonprofits in terms of what they do for society, rather than in terms of how close they are to traditional charities such as food banks."

Despite the inordinate critical attention paid to a handful of very profitable organizations, the ordinary charitable hospital operates in the red in a given year. "You can't really hold a gun to the head of the nonprofit hospital and say, 'Give free care to everyone who needs it. Solve our health-care problem and pay for everyone.' The money has to come from somewhere," Horwitz says. "What worries me most in forcing nonprofit hospitals to provide free services that they can't afford is that they will need to look for ways to find the money. Competing with for-profit hospitals and

ILLUSTRATION BY ADAM McCAULEY

under pressure from policy makers, they're likely to resort to the overprovision of profitable services that people don't need." ■

Jill R. Horwitz, "Charitable Nonprofits and the Business of Health Care," from *The Nonprofit Sector: A Research Handbook, Third Edition*, Walter W. Powell and Patricia Bromley, eds., Stanford, CA: Stanford University Press, 2020.

ADVOCACY

Nonprofit Advocacy and Democracy

BY DANIELA BLEI

Scholars of social movements have long documented the ways in which advocacy nonprofits expand civic engagement, forge political cohesion, and focus attention on underrepresented communities. Their working assumption has been that with more advocacy groups comes a stronger, better democracy.

But according to some researchers, profound changes have reshaped nonprofit advocacy in recent decades in ways counter to their alleged democratizing function. Pointing to weakened democratic governance, fraying trust in institutions, the politicization of the business sector, and skyrocketing inequality, they say the relationship between advocacy groups and democracy has become much more ambiguous.

In their chapter on nonprofit advocacy for the new third edition of *The Nonprofit Sector: A Research Handbook*, Edward Walker, a professor of sociology at UCLA, and Yotala Oszkay, a doctoral candidate in sociology at UCLA, consider the transformation of advocacy groups and what it means for the future of civil society and democracy. They review recent research in six areas where nonprofit advocates have demonstrated their ability to enhance or weaken democracy, and they highlight the organizational structures, social context, and outside pressures contributing to change.

"The authors make it clear that nonprofit organizations are not an unmitigated good for a democratic society—but nor are they an unmitigated bad," says Matthew Baggetta, a professor of public affairs at Indiana University's Paul H. O'Neill School of Public and Environmental Affairs. "One implication is that scholars, policy makers, and members of the general public must think critically about the nonprofits they encounter."

The authors discuss the growing "use of nonprofits as political intermediaries for corporations or other interests." Since the 1970s, "there has been an incredible run-up of business political activity as firms were starting to feel threatened by the expansion of the federal regulatory bureaucracy," Walker says. Groups such as the Business Roundtable emerged to advocate for the business sector, while the Chamber of Commerce and National Association of Manufacturers were revitalized. Many companies turned to public affairs consultants and began organizing campaigns to counter public interest groups.

"By my estimate," Walker says, "something like 40 percent of the Fortune 500 work with consulting firms that mobilize participation for companies." This has led to astroturfing (the simulation of grassroots support for a cause), the rise of dark money (contributions of undisclosed origin), and strategic efforts "to fund allied nonprofits that advocate for policy changes that benefit the economic interests of a business or powerful individual."

In the meantime, nonprofits have become more "businesslike," say Walker and Oszkay, describing the professionalization of advocacy as a response to market pressures for efficiency and accountability. The rise of tools and metrics to measure impact means that "paid professionals and business elites have taken on the advocacy tasks typically associated with social movement activists." Third-party agencies like Charity Navigator now use standardized metrics based almost entirely on 990 filings to publish ratings that privilege service provision at the expense of grassroots organizing.

As a result, "you don't have as many capacity-building efforts designed to support grassroots activism in local communities," Walker says. "Instead, you have many more organizations, at least in absolute numbers, that are involved in more professionalized advocacy, the type that enlists people mainly as check and letter writers, and might excel at mobilizing them that way, but is perhaps somewhat less effective at organizing deep connections between them in a way that can build durable political engagement."

The picture is also mixed when it comes to information and communication technologies (ICTs), which lower the cost of participation, Walker and Oszkay say, but not without potential problems. Access to ICTs is far from universal; scholars have identified a digital divide between organizations. Smaller, older nonprofits working with limited resources can't match the online efforts of younger organizations that enjoy greater financial and human capital. Evidence also suggests that "transactions linked to the rising use of ICTs" contribute to "forms of engagement that are less durable and less capable of building broader support."

Nonprofits seeking to build a more democratic and equitable society will need "to find novel strategies for harnessing resources, technologies, social networks, alliances, and broader cultural supports," Walker and Oszkay conclude.

"The authors imply that it is essential to *not* think about the nonprofit sector apart from other sectors but as integrated with what is going on in the public and for-profit sectors," Baggetta says. "Nonprofits are deeply intertwined with the state and the market, and any serious consideration of the sector must take that into account." ■

Edward T. Walker and Yotala Oszkay, "The Changing Face of Nonprofit Advocacy," from *The Nonprofit Sector: A Research Handbook, Third Edition*, Walter W. Powell and Patricia Bromley, eds., Stanford, CA: Stanford University Press, 2020.

MARILYN HARRIS is a reporter, writer, and editor with expertise in translating complex or technical material for online, print, and television audiences.

PHILANTHROPY & FUNDING

The Supply and Demand of Charitable Giving

BY MARILYN HARRIS

Each year, Americans give more than $400 billion to charitable organizations and causes. Donors choose the recipients of their largesse in different ways. Some of them give according to their passion, while others target nonprofits that maximize the effectiveness of their donations. Some give altruistically, others for the warm glow they feel from donating or for the benefits they receive in return.

Nonprofits now have access to rich information about charitable giving with just a mouse click. The more ambitious organizations are using it to navigate the complex relationship they have with a new generation of donors that relies increasingly on metrics, as well as the economic and social contexts in which their donors operate.

Pamela Paxton, the Linda K. George and John Wilson Professor of Sociology at The University of Texas at Austin, wanted to understand how trends in giving and in soliciting gifts interact. In "What Influences Charitable Giving?," her contribution to the new third edition of *The Nonprofit Sector: A Research Handbook*, she explores the latest data on giving, the ways that wealthy donors' priorities differ from nonwealthy donors', and the economy between donors and nonprofits—what she calls the supply and demand sides of giving.

"A charitable gift is fundamentally a relationship between a donor and a nonprofit," Paxton writes. This relationship is built on the traits and motivations of individual donors; the characteristics and activities of nonprofits; and the social, economic, and political forces that influence giving decisions. While donations are more significant for some nonprofits than for others, knowing how to attract them can be central to an organization's sustainability.

Wealthy and nonwealthy people give to different kinds of organizations. Households higher on the income ladder tend to give progressively smaller shares to religion, instead favoring education (especially higher education), the arts, and health organizations. These preferences appear in donor-advised funds as well: Only 11 percent of donations from these funds go to religious organizations, while 29 percent go to education.

The traits and motivations of individual donors—the supply side—can range from seeking a private benefit, such as VIP tickets or the name of a building, to social acclaim, to altruism—the desire to increase others' well-being—to a sense of self-satisfaction. Participation in voluntary associations or religious groups is associated with higher rates of charitable giving, not just because of social pressure but also due to a greater awareness of charitable opportunities. Group memberships, such as alumni associations, increase the likelihood of being solicited. Just as important are the encouragement provided by government in the form of tax deductions and the state of the economy.

As for the demand side—that is, nonprofits that actively work to attract donations and retain donors—the Internal Revenue Service requires that they file a Form 990, which contains detailed financial information, governance, compliance, and employee and volunteer figures. Close study of these forms reveals clear relationships between the characteristics of a nonprofit and its donations—for instance, notably high executive compensation leads to decreased growth in donations. Similarly, a low ratio of program expenses to total expenses denotes poor efficiency and eventually suppresses donations. Savvy nonprofits have refined their fundraising strategies in light of the data derived from such 990 analyses.

Nonprofits also have to adjust to a recent donor trend called, variously, effective altruism, outcomes-oriented, or new philanthropy. Lumped together, these movements focus on the return on investment—that is, how much social good a gift produces from the money outlaid. To attract such discriminating donors, sophisticated nonprofits monetize their charitable activities. For example, the Robin Hood Foundation has calculated the lifetime value of a high school degree at $190,000, and of each additional year of college at $40,000. Sophisticated donors can then compare the monetized results of Robin Hood's job coaching activities with educational activities undertaken by other nonprofits.

While rigorous effective altruism has its adherents, it remains a small part of charitable giving. Because research shows that donors generally remain drawn to causes they are passionate about, Paxton suggests that ROI evangelists might consider combining the two approaches: "With regard to effective altruism, donor advisors who work with donors to choose among causes have more leeway to suggest choices based on tenets of effective altruism, across causes."

"Paxton pulls together a lot of the most recent and interesting research on philanthropy into a grand synthesis," says Peter Frumkin, the Mindy and Andrew Heyer Chair in Social Policy and faculty director of the Center for Social Impact Strategy at the University of Pennsylvania. "The only thing

ILLUSTRATION BY ADAM McCAULEY

RESEARCH

that Paxton's fine summary of the knowledge base leaves out are the big normative questions. Readers will have to wrestle with the tougher philosophical and political questions that philanthropy raises on their own." ■

Pamela Paxton, "What Influences Charitable Giving?," from *The Nonprofit Sector: A Research Handbook, Third Edition*, Walter W. Powell and Patricia Bromley, eds., Stanford, CA: Stanford University Press, 2020.

NONPROFITS & NGOS

The Varieties of Volunteer Experience

BY MARILYN HARRIS

Scholars who study nonprofit volunteering often focus on its presumed voluntariness. But Nina Eliasoph, associate professor of sociology at the University of Southern California, questions whether that focus hides its complexity and distracts from what is most valuable about volunteering.

As she points out in her chapter, "What Do Volunteers Do?," for the new third edition of *The Nonprofit Sector: A Research Handbook*, the everyday experience of volunteering can inhabit a spectrum of values and forms. The most fruitful way to understand how volunteers pursue social goods, Eliasoph suggests, is by examining how volunteering functions, both within nonprofit organizations and in the larger economic, political, and cultural context.

Merely categorizing volunteering as paid or unpaid is too simplistic to capture all its dimensions, according to Eliasoph. People may feel they have no choice but to offer their services for free on the job market—for instance, an unpaid internship might offer the best route to a permanent position. Similarly, government can coerce people to work for free. In the Soviet era, citizens were mandated to join unpaid Saturday work brigades (*subbotniki*). Social custom compels villagers in Nordic countries to routinely pitch in to repair local roads after a harsh winter or face ostracism. Some teens volunteer to help emotionally challenged youngsters because they need to polish their résumés for college admissions or are required to do community service by their schools. And paid social workers aren't considered volunteers but often spend many unpaid hours outside work helping their clients. Conversely, Peace Corps and AmeriCorps "volunteers" get paid, so are they truly volunteers?

"It may well be that many of the ambiguities and dilemmas I described can't be quantified," Eliasoph says. Defining nonprofit volunteering by its voluntariness or by volunteers' motivations not only may be challenging but also may be missing the point. Perhaps the focus, Eliasoph suggests by appealing to the pragmatism of John Dewey, should target the social goods that the researcher cares about.

That approach could be tricky, suggests Lester M. Salamon, professor emeritus of political science at Johns Hopkins University and director of the Johns Hopkins Center for Civil Society Studies. "If I confine my definition of volunteering to activities that produce certain social goods, then I will assuredly be able to show that all volunteering produces those social goods because I have excluded from my definition activities that fail to do so."

"The questions are both about how people interpret their volunteer work and about how the voluntary sector fits into the larger society," Eliasoph says. Confining her study to what she calls "the 'small' side of the question," rather than more philosophical and moral aspects of volunteering, Eliasoph offers several different ways of focusing research on volunteering.

"I was trying to show the importance of volunteers' own meaning-making processes, and the importance of asking how their volunteering is related to other institutions such as the market and customary mores," she says. Volunteering offers its participants many ineffable and varied lessons and benefits—such as civic action, democratic participation, social solidarity, or a spirit of connection—so scholars can focus on the benefits that most interest them.

One avenue could highlight institutional control and its consequences. Eliasoph provides the example of Appalachian miners who reluctantly belonged to a corrupt, undemocratic union in the 1970s, but once they were able to get a more democratically run union, they embraced their newfound political voices and became eager to participate.

Another route is to focus on nonprofits' styles of interaction, and whether particular styles foster the social good in which the researcher is interested. An interactional style can highlight or downplay conflict, or it can encourage or discourage discussion of systemic social change. The author cites Danish organizations aimed at helping immigrants and refugees. One group tries to persuade citizens to make immigrants feel welcome but discourages discussions of social conflict. Another seeks to change immigration laws, which requires talking about social conflict. The researcher who focuses on a group's interactional style, then, can more clearly see how a group is shaping the market, the state, and the customary moral order in relation to each other.

Alternatively, a researcher could distinguish between volunteering with living beings versus with objects—short-term, occasional volunteers can often do more harm than good to living beings but may be better candidates for picking up trash in a park. This approach reveals yet another path: focusing on actors' time spent on-site. Spending quantity time with recipients of help leads to a higher-quality outcome than intermittent plug-in help from different actors—a distinction that becomes more important, Eliasoph suggests, than considering whether the actors are paid staff of a nonprofit organization or unpaid volunteers. ■

Nina Eliasoph, "What Do Volunteers Do?," from *The Nonprofit Sector: A Research Handbook, Third Edition*, Walter W. Powell and Patricia Bromley, eds., Stanford, CA: Stanford University Press, 2020.

BOOKS

REVIEWS OF NEW AND NOTABLE TITLES

MARK R. KRAMER is cofounder and managing director of FSG and a senior lecturer at Harvard Business School. He is the author of numerous articles in *Stanford Social Innovation Review*, including "Collective Impact" in the Winter 2011 issue.

Big Structural Change

Rebecca Henderson's *Reimagining Capitalism in a World on Fire* outlines five ways we can reform capitalism to overcome climate change, inequality, and the collapse of democracy.

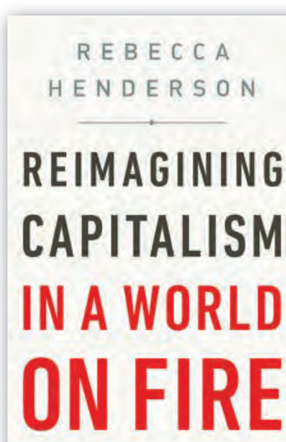
REVIEW BY MARK R. KRAMER

A certain schizophrenia has lately taken hold in the field of social impact when it comes to capitalism. On one hand, impact investors, social entrepreneurs, and corporate leaders are increasingly embracing the power of profit to find and scale solutions to the world's problems. At the same time, others have proclaimed capitalism an irredeemable failure based on its environmental destruction, oppressive and underpaid jobs, racial and gender biases, and production of massive economic inequality. The massive global disruption caused by the COVID-19 pandemic has further exacerbated the disagreement, highlighting the fragility and merciless inequities of capitalism.

Rebecca Henderson enters this debate with her new book, *Reimagining Capitalism in a World on Fire*. In engaging and refreshingly candid writing, Henderson sets out her vision of equitable and sustainable capitalism and enumerates the changes needed to get us there. Companies need to embrace a sense of purpose beyond maximizing profits, find new business opportunities to meet society's needs, and consider the welfare of all stakeholders. Investors need to focus on the long term and consider social and environmental impact. Governments need to regulate the market more strictly and impose a tax on carbon. Finally, all sectors need to work together to address global challenges through collective action. Not only would these changes create a better world, Henderson asserts, but also they would lead to more profitable companies and a stronger economy.

Her blueprint may sound impossible, yet Henderson's optimism is founded on deep expertise as a scholar who has worked closely with corporate leaders. A highly distinguished professor at Harvard Business School (HBS) and a longtime consultant to global corporation CEOs, Henderson brings a thorough understanding of the way corporations, investors, and our capitalist system operate. Her MBA course on "Reimagining Capitalism" (developed with her colleague, George Serafeim) inspired this book.

There is considerable evidence that the changes Henderson proposes are already beginning to emerge. Larry Fink, CEO of multinational investment management corporation BlackRock, the largest stockholder in the world, has been insisting that companies must have a purpose beyond making a profit. Many companies have embraced the idea of creating shared value by pursuing competitive strategies based on social impact (an approach initially described by my colleague HBS professor Michael Porter and me in a 2011 *Harvard Business Review* article). There is growing momentum for investors and corporate leaders to focus on long-term performance. Collective impact initiatives and public-private partnerships are increasingly common.



REIMAGINING CAPITALISM IN A WORLD ON FIRE
By Rebecca Henderson
336 pages, PublicAffairs, 2020

But if all these recommendations are good for business, why do so many companies strenuously resist change? Henderson's early work is relevant, here. She is an expert on how companies confront radical change. For example, why did Kodak, which was the first to invent digital photography, end up in bankruptcy? Or how did Nokia, which produced more than half of the cell phones in the world, get blindsided by Apple?

Henderson's answer distinguishes between incremental innovation, which is easy, and architectural innovation, which requires profoundly rethinking the relationships among components within the system. Kodak could build a better camera but could never grasp the idea that a camera might become part of a phone, which made almost all of the company's operations obsolete. In the face of day-to-day pressures, no one has time to reimagine an entire company. It is difficult even to see what changes would be required, as architectural knowledge becomes deeply and invisibly embedded in the company's structure.

Architectural innovation sounds a lot like what we in the social sector have been calling "systems change." In fact, one way to describe this book is as a comprehensive systems change approach to remaking capitalism from "destroying the world and the social fabric in service of a quick buck," as Henderson writes, to "building prosperity and freedom in the context of a livable planet and a healthy society."

Skeptics of capitalism will identify with Henderson's sharp criticism, while supporters will appreciate the future vision she paints of a noble and more constructive capitalism. The book's promise is to move beyond the shallow and reductive debates about whether capitalism is good or evil to a deeper discussion of what it would take to redirect its undeniable power toward equity and sustainability. After all, capitalism has lifted more than a billion people out of extreme poverty and brought technologies that would have been unimaginable a century ago. If there is a way to harness this beast in service of a better world, it is surely worth the attempt.

Unlike other recent critiques of capitalism, such as Anand Giridharadas' *Winners Take All*, Henderson focuses on the solutions. Drawing from the HBS case method, she teaches through complex real-life stories. She does not promise that the solution will be easy or even achievable, and not all stories have a happy ending. Yet, even if the transformation we need is neither easy nor certain, it is still extremely helpful to give us a clear vision of the interdependent changes that would align companies, investors, activists, and government in service of an equitable and sustainable capitalism. It is hard to aim for a goal without knowing what it looks like.

Henderson sees climate change, extreme wealth inequality, and the crumbling of the institutions of family, faith, and government as the world's three greatest challenges. Global capitalism has "gone off the rails," she contends, and shareholder primacy has reached a point where "many of the world's companies believe that it is their moral duty to do nothing for the public good."

Henderson explains the fallacious reasoning that led us into this trap: why CEOs are mistaken to think their only responsibility is maximizing shareholder wealth, what motivates investment managers to focus on the short term, and how campaigns by the elite to free themselves from taxes and their companies from regulation have destroyed our faith in government.

Achieving equitable and sustainable capitalism requires five changes, and most of the book is devoted to showing by example how those changes could happen and, to a degree, already are happening. First, companies can create shared value by pursuing business models that simultaneously create value for the business and for society. Innovative companies that have rethought their strategies to create positive social and environmental outcomes actually do better than those stuck in more conventional approaches.

So, too, "high road" companies that trust employees, pay well, provide benefits, and offer autonomy and opportunities for advancement are more profitable than "low road" companies that treat employees as faceless cogs in a machine, prescribe their every move, and pay the minimum.

Henderson sees climate change, wealth inequality, and the crumbling of the institutions of family, faith, and goverment as the greatest challenges.

Why don't all companies create shared value and pick the high road? Are we just too mired in our old-fashioned thinking to recognize the opportunity, just as Kodak was unable to switch to phone cameras?

The answer, and Henderson's second proposition, is that the only companies that are able to make such radical architectural change are those that have committed to a purpose beyond profit. It is that sense of purpose that gives corporate leaders the vision and courage to make systemic changes. Committing to a corporate purpose, Henderson asserts, is itself an architectural change.

Third is rewiring finance, which requires that our financial accounting systems include social and environmental metrics, that impact investing continue its growth, and that company management be more insulated from short-term investor pressure.

It may seem impossible to change investor behavior, but Henderson points out that the concentration of investment power is so great—the 15 largest investment managers together direct half the world's wealth—that a handful of people could change global investing practices overnight.

Fourth is building cooperation, because no single company can address the world's challenges alone. Industry consortia can create solutions, such as Unilever's efforts to unite consumer goods companies to combat deforestation from palm oil production. But Henderson is candid about the limitations of such self-regulation, and the palm oil fight has had mixed results. Self-regulation only works when the benefits are clear to all, participants are committed for the long term, and cheaters are punished.

Finally, these problems cannot be solved without government. Inclusive models of government that are democratic and prioritize citizens' well-being create greater prosperity and stronger economic growth than do extractive models, where government functions only in the interests of the elite. Henderson uses the admittedly homogeneous examples of Denmark and Germany to make this point, but also adds Mauritius. The island had a highly diverse society and a history of slavery, but after riots overthrew the extractive regime, an inclusive model of governance has led to decades of strong economic growth, reduced income inequality, and a poverty rate that fell from 40 percent to 11 percent.

Can these five elements of a reimagined capitalism really take hold in the world we have today? Sometimes the case studies suggest that all we need is a leader with clear vision to step in and take charge. In most examples, however, a crisis of some kind triggered the change—such as a personal tragedy, a financial downturn, a spectacular Greenpeace protest, or, in the particular case of Mauritius, a revolution. Even then, the transition sometimes took 5 or 10 years.

If crisis is needed to trigger a fundamental reform of capitalism, might the coronavirus be the catalyst? The pandemic certainly demonstrates the essential role of government and collective action to sustain capitalism. If corporate leaders and investors ever fooled themselves into thinking that their success did not depend on the well-being of society, their mistake is now plain to see. It would be hopeful to think that the dreaded toll the virus is taking on human life could lead to a fundamental reshaping of capitalism along the lines that Henderson suggests. If the global economy remains moribund, it might actually give rise to renewed faith in government and a more beneficial version of capitalism. Conversely, if this disaster is not enough, it is truly frightening to think about the crisis that might be necessary.

But a crisis alone isn't enough; we also need to be inspired, and Henderson's vision is so compelling that the reader is drawn to help bring it about. The final chapter, "Pebbles in an Avalanche," offers six simple things that each of us can do to contribute to the effort: discover your own purpose; collaborate with those who share your goals; bring your values to work; work for an NGO to shame companies into action or for an impact investor to finance change; and remember that you can't change the world by yourself. You can only do your part. I'm trying to follow her advice myself, promoting the changes she outlines among companies and investors through my work at FSG and HBS. Those changes can't come soon enough. ■

Experimentation and Its Discontents

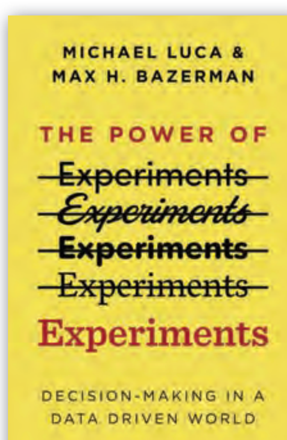
In *The Power of Experiments*, Michael Luca and Max H. Bazerman examine the growing reliance on the scientific method in shaping market and policy decisions.

REVIEW BY LISBETH B. SCHORR

LISBETH B. SCHORR is a senior fellow at the Center for the Study of Social Policy and the author of *Within Our Reach* and the forthcoming *The Missing Evidence*.

Filled with charming stories of experiments offering novel solutions to pressing social questions, *The Power of Experiments: Decision Making in a Data-Driven World* is an enjoyable read that celebrates the power of experimentation to create social change. Authors Michael Luca and Max H. Bazerman, both Harvard Business School professors, advocate experiments that have used randomized controlled trials (RCTs) to test the effects of online experiences on behaviors and choices. They invite readers to become part of "the experimental revolution" through illustrating the significant effects made by the small changes in design—such as an advertisement or a bureaucratic directive—determined by experimentation.

In *The Power of Experiments*, Luca and Bazerman explain how economists have teamed with psychologists to develop the experimental tools of behavioral economics, with the objective of replacing intuition and guesswork with evidence-based decision-making. They highlight the success stories from experimentation in the government and the tech sectors, and they predict that the experimental approach will soon become common in both for-profit and nonprofit organizations. Experiments, they write, give organizations "a new tool to test ideas and to understand the impact of the products and services they are providing."



THE POWER OF EXPERIMENTS: Decision Making in a Data-Driven World
By Michael Luca and Max H. Bazerman
232 pages, The MIT Press, 2020

Despite the engaging stories, I found this book unsettling because Luca and Bazerman are never explicit about the book's big secret: that the problems addressed by the experimental methods they advance are, with only rare exceptions, small-scale. No doubt, experiments with audience behaviors can save advertising dollars, encourage default choices, and show which font sizes and background colors lead to more clicks. But these experiments provide only very limited guidance for solving major social problems.

While the authors are appropriately realistic about where their work fits into the data analysis world, the feeling from this omission is reinforced by the book's testimonials. For example, University of Chicago professor John A. List's assertion that the book is a "masterpiece" meant for anyone interested in "understanding policy, behavioral economics, technology, and life itself" suggests a deep discrepancy about the book's insights. While it is informative to know that a smiley face on an energy-saving message to consumers can influence how they set their thermostat, or that changing the default on participating in a retirement plan can be lucrative, these victories are small in scope—individual, rather than societal. The methodology hardly qualifies for List's description of the book as part of "the deepest revolution in the social sciences in the past twenty-five years."

To be fair, Luca and Bazerman do include two examples that demonstrate how experiments are "transforming how businesses and governments make decisions." The most well-known of them begins their book: the Behavioral Insights Team (BIT), the brainchild that a group of social scientists and British civil servants bore in 2010 "to improve policy and government through the use of behavioral science." Under the leadership of academic-turned-policy maker David Halpern, the group persuaded Queen Elizabeth II's tax collectors to allow them to experiment with tweaking the letter that routinely went out to errant taxpayers. After several years and trials comparing reactions to different sample letters, they found that the simple addition of two sentences—"Nine out of ten people in the [United Kingdom] pay their tax on time. You are currently in the very small minority of people who have not paid us yet."—resulted in the collection of millions of pounds more than the original letter. As news of this triumph spread, BIT quickly became "the talk of the policy town," according to Luca and Bazerman. Using only a "nudge" to collect substantial amounts of previously unpaid taxes provided a "proof of concept" for the "nudge strategy," even for the most skeptical politicians.

After this success, BIT expanded its offices to London, Manchester, Singapore, New York, Wellington, and Sydney. It also helped to diffuse the nudge concept and the key role of experiments in decision-making around the world. In 2015, the United States set up a Social and Behavioral Sciences Team within the White House Office of Science and Technology Policy. Australia, Canada, Mexico, Finland, Italy, India, and the World Bank had all set up behavioral insight units by 2018.

The second large-scale behavioral economics victory highlighted by Luca and Bazerman is automatic retirement savings enrollment. Nobel Prize-winning economist Richard Thaler, the primary architect of behavioral economics, and researcher Shlomo Benartzi advanced the idea of companies offering employees the opportunity to enroll automatically in a 401(k) retirement savings plan, rather than opting in by filling out reams of paperwork and choosing from a confusing array of investment options. This change, according to estimates, has resulted in millions of people saving nearly $30 billion for their retirement—although it's also true that people who were nudged to save more ended up going into more debt as well. In a 2019 interview with author Stephen J. Dubner at *Freakonomics*, Thaler explained that the initiative was a success because he and Benartzi were able to persuade employers to make retirement plans much simpler, "so the choice architecture is simpler." But he also acknowledged that this achievement was possible "because the fix was easy. Give me a problem where I can arrange things so that by doing nothing, people make the right choice—that's an easy problem."

Indeed, most problems in the real world are more complicated—a point demonstrated by Luca and Bazerman's example of the work of University of Pennsylvania (UPenn) professors Katherine Milkman and Angela Duckworth. The pair enlisted behavioral economics to compete for a $100 million MacArthur Foundation award for a promising solution to a major social challenge. Their proposed initiative—Behavior Change for Good (BCFG)—aimed to create lasting positive behavioral change. The prestige of the prospective MacArthur award helped them to recruit a team of advisors that included Nobel laureates and MacArthur "genius grant" award winners. Duckworth made her aspirations explicit in a promotional video: "What if we could make meaningful progress on every major problem of the 21st century with a single solution?"

The experiments that are lauded in this book are useful primarily to those who would address simple problems with simple solutions.

When BCFG did not win the MacArthur prize, UPenn committed several million dollars to the initiative. BCFG's first project was to increase long-term, lasting participation in exercise, which seemed like a safe bet: There was growing literature on the malleability of Americans' exercise habits; most Americans were aware that they were not active enough, and most wanted to improve in their habits.

So, with their new partner, 24 Hour Fitness, and their web-based platform, they enrolled 63,000 members of 24 Hour Fitness to participate in a massive RCT that was advertised as a free "really cool behavior-change program designed by a team of brilliant scientists." The intervention included reminders to go to the gym, text messages with motivational tips, and a variety of recommendations contributed by the team of 27 scientists.

Despite the wealth of research and expertise, the results were deeply disappointing. During the 28 days of intervention, 50 to 75 percent of the enrollees did increase their participation in exercise. But none stuck with it—none made in any change that lasted beyond the 28 days, despite 53 versions of the intervention being tested. Luca and Bazerman quote Duckworth, who bluntly summarized the results: "Behavior changes are really *#$@ing hard."

It's bad news that it's so hard to get people to make behavior changes that require doing something rather than nothing. The worse news is that problems that can be solved by individual behavior change are not the society-wide, systemic ones.

This example exposes the book's big weakness. Luca and Bazerman emphasize that their findings are credible because behavioral experiments are randomized. However, they do not warn readers that the tools of behavioral economics are severely limited in their application. As Nobel Prize-winning economist Angus Deaton has observed, experiments that are constrained enough to be considered scientifically rigorous are likely to be too narrow to provide useful guidance for large-scale interventions.

What is most crucial to understanding the limits of behavioral economics is that its tools are a good fit with one clearly definable subset of problems and solutions, but not others. Behavioral economists Luca and Bazerman would have performed a great public service by making this distinction clear in their book. The experiments that are the province of behavioral economists and that are lauded in this book are useful primarily to those who would address predominantly simple problems with predominantly simple solutions.

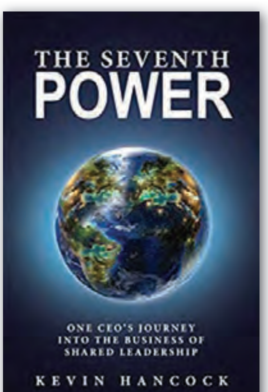
As long as 30 years ago, the luminary of child development studies, Harvard University's Jerome Kagan, pointed out that resources and attention for young children go primarily to the circumscribed, well-defined, and relatively uncontroversial programs that have been shown—at least in experimental circumstances—to improve young children's prospects by training their mothers to read to, talk to, and play with them more consistently. He noted, however, that improving the quality of housing, education, and health of children living in poverty may be more effective in the long run. Kagan suggests that this choice in resource allocation is likely the case because the latter strategy lacks experimental proof and because "it is considerably more expensive, more contentious, and more disruptive of the status quo."

The subset of problems that are appropriately addressed by behavioral experiments are those with solutions that focus on individuals, rather than systems. To understand the most powerful factors that determine children's adult outcomes, you can't use the tools of behavioral economics that control for and eliminate complexity. You would turn to big data methods that embrace complex, interrelated causality and multilevel, multi directional, and nested factors over time.

The overarching issue—which Luca and Bazerman neglect—is that "evidence-based" does not have to mean "experimental-based." *The Power of Experiments* reflects the failure to distinguish between the kinds of evidence needed to certify effective drugs and the more complex and broader array of evidence needed to guide social policy. The premise that only randomized experiments can certify which medications or vaccines are safe and effective does not mean that randomized behavioral experiments are the best guides to social action. ■

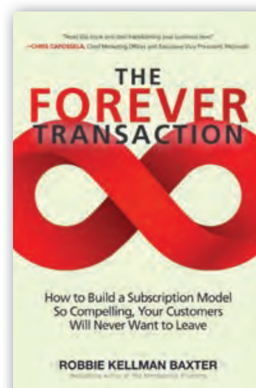
DIGITAL BOOKSHELF

A trio of new books highlighted online discuss critical issues and cross-sector advancements that can inspire social change. One offers lessons for shared leadership, another explains how the private sector can improve its conservation practices, and a third proposes steps to adopt a membership economy business model. Read excerpts of these books at ssir.org/book_excerpts.



In ***The Seventh Power: One CEO's Journey into the Business of Shared Leadership***, Kevin Hancock provides a playbook of insight to business leaders looking for an alternative to a top-down governance model. Hancock draws from his experience as CEO of Hancock Lumber Company, as well as his experiences engaging with organizations from around the world, to articulate his seven lessons on how to redistribute organizational power in order to make a company more employee-centric. (Post Hill Press, 2020)

Wildlife Habitat Council President Margaret O'Gorman argues that the private sector needs to better address the global biodiversity crisis in ***Strategic Corporate Conservation Planning: A Guide to Meaningful Engagement***. She articulates "nature-based" strategies and solutions—a total of "16 business drivers" focused on operations, management, and external relations—that sector leaders and conservation practitioners can take to promote practices that benefit both the environment and business. (Island Press, 2020)



The radical growth of the subscription economy worldwide, according to bestselling author Robbie Kellman Baxter, demands a new type of business model. In ***The Forever Transaction: How to Build a Subscription Model So Compelling, Your Customers Will Never Want to Leave***, she documents the process that businesses need to adopt in order to become successful in this burgeoning membership economy. She also outlines how businesses can turn casual browsers into "cash-paying superusers." (McGraw-Hill Education, 2020)

LAST LOOK

IMAGES THAT INSPIRE

Climate Refugees

Photograph by Saeed Khan/AFP via Getty Images

Sarah Price, who volunteers at the Australian wildlife rescue group WIRES (New South Wales Wildlife Information, Rescue, and Education Service), holds an injured joey in a makeshift "joey pouch" at her home outside Sydney. This joey's parents most likely perished in the fires.

The devastating bushfires that raged across 15.6 million acres in the southern and eastern regions of Australia resulted in the deaths of at least one billion animals, according to conservative estimates.

Record donations from around the world are pouring into nonprofits like WIRES, the World Wildlife Fund-Australia, Kangaroo Island Wildlife Park, and the Koala Hospital in Port Macquarie to help animal survivors. Donors and volunteers alike understand that humans are not the only refugees from the growing climate crisis. —MARCIE BIANCO

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By Kristin M. Lord
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Elevating Community Authority in Collective Impact
By Byron P. White, Jennifer Blatz, & Mark L. Joseph
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