

Making Good Ideas into Great Innovations

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Our world is full of complex challenges, tough challenges that defy easy solutions, what in design thinking are called “wicked problems”. Problems that require new ways of thinking, new ideas and new possibilities. Which is what social entrepreneurship is all about. I want to tell three stories that illustrate some of the struggles and opportunities of social entrepreneurship. And about what it takes for good ideas to become great innovations.

My first story is about an incredible social entrepreneur I’m working with named Laura Peterson. A year ago, Laura took a leap of faith, quit her “real job,” and began the creation of Hands to Hearts International. Laura is trying to change the world by addressing the plight of orphaned children in developing countries.

The scope of the problem is massive: According to UNICEF, *“While sub-Saharan Africa has the highest proportion of children who are orphans, the absolute number of orphans is much higher in Asia which has 87.6 million orphans in 2003.”* These babies are orphaned due to AIDS, political instability, civil wars, and extreme poverty. Orphanages have too few caregivers, too many kids. The research is unequivocal: beyond the age of 3, if a child has not formed a loving bond with a consistent caregiver, synapses literally do not snap, DNA doesn’t line up, all kinds of bio-chemical connections don’t get made, and the critical window for developing this capacity all but closes. Severe emotional problems persist into adulthood, impacting communities with greater violence and economic instability. Wicked problem.

Laura’s big idea is to go into developing countries, implement a new model of care by training and then hiring disadvantaged women to provide infant massage and consistent care as staff in orphanages. And then partnering with an adoption agency to encourage parents to adopt healthier children. HHI pays the start-up costs of training and the local women’s salaries to offer this nanny-like care within the orphanages. And then hopefully the fees from adoptive parents will fund the effort, in 3-5 years. UN Secretary General Kofi Annan is right that, “there is no tool for development more effective than the empowerment of women. No other policy is as likely to raise economic productivity, or to reduce infant and maternal mortality, or is as sure to improve nutrition and promote health – including the prevention of HIV/AIDS.”

Society and communities benefit too, as new money circulates in local economies, fewer government services are required, and healthier children grow into productive, capable adults in developing countries. The program is simple, cost effective and can be given away. It can be adopted by entire countries, becoming the model improving the health and well-being of women and children globally. A nifty, closed loop, sustainable design.

One morning last month I booted up and opened this email from Laura:

“To pay the bills I have 2 other jobs and am dealing with a multitude of HHI issues—a website that has not been updated, a brochure that needs to be redone, a slide show I can’t get feedback on, a report to donors, 3 fundraisers, 4 public speaking engagements, and the need to find new grant resources. I sought out work this weekend to earn that extra \$250 to spend wildly on my mortgage or groceries. I have completely over-extended myself.

Do you tell people in your talks that being a social entrepreneur is like a disease – that you cannot cure it and that though you may change the lives of everyone you touch – you will suffer? That if you pursue your vision, people will question your motives. On nice days they are inspired

by you, but then pity you for the things that you cannot have – health insurance, dental care, a reasonable car, a healthy relationship. They suggest that maybe you have “done your part” and should now “get a real job” and that “no one would blame you for giving up.” As if this was a just a sweet-little thing to do, cute and kind, but a phase that you would eventually grow out of. Not. I will spend the rest of my life designing new ways to improve the health and well-being of women and children, both locally and globally. This is my purpose and I will pursue it relentlessly. David, do you tell people the truth?”

I do. Meltdowns like Laura's are far too common in the life of an early stage social entrepreneur. Bill Drayton, the founder of Ashoka, which invests in social entrepreneurs worldwide, says something wonderful about people like Laura: *“The core psychology of a social entrepreneur is someone who cannot come to rest, in a very deep sense, until he or she has changed the pattern in an area of social concern all across society. They simply will not stop because they cannot be happy until their vision becomes the new pattern. They will persist for decades.”*

Truth. Laura has a great idea. But it may not become a great innovation. For starters, Laura needs capital. For her own salary, so she can concentrate on the work at hand. She needs a small, smart team, and they need salaries. And program and travel money and simple operating cash. Jim Collins was right when he said that the capital marketplace in the social sector is not rational. In the private sector we have venture capital and a network of angel investors that help turn good ideas into great innovations. Think Amazon, eBay, Patagonia. True, foundations do help and a new network of social investors is evolving, but the needs are far too great and the cash far too lean to capitalize social innovations effectively.

On Tuesday of this week I got a call from Jessica Aronoff, the Executive Director of Break the Cycle, an innovative program in LA to end teen dating and domestic violence. Incredible organization whose founder once won a social entrepreneur of the year award. Break the Cycle is trying to scale, poised for greatness—and nearly out of cash. Later stage nonprofits also struggle. Jessica, who is a lawyer, cut her own salary back—to 28k—in order to pay other staff and keep the lights on. In LA. Our sector is going to lose stars like Jessica and organizations like Break the Cycle if nonprofit capital markets don't become more effective. More rational.

However, if you have studied the SeaChange case, you know that money alone is not enough. Sea Change raised 2 million bucks to launch the first online social investment portal. I was the leadership coach for the founder and management team. They had a great idea, they had cash, but the timing was off. The technology was not yet trustworthy. People didn't want to give online yet, something we don't think twice about now. And the management team did not function as effectively as it needed to. Flame out.

Singer Joni Mitchell once said, *“I've seen some hot, hot blazes come down to smoke and ash”*. Which is true not only for love affairs but for big ideas.

My experience suggests that the critical success factors ensuring that good ideas become great innovations are both internal and external. Internally, there are (at least) three: management talent, a strong, smart organizational culture, and an excellent, executable program design. Externally, also three: timing, adequate capital, and supportive political, economic, cultural conditions. All play a key role.

Ashoka's Bill Drayton says that smart social entrepreneurs pay attention to all these factors, *“are as realistic as they are visionary, intensely concerned with the how-tos: How do I get from here to there? How do I solve this problem? How do these pieces fit together?”*

I know of no better example of this than the work that Gary Mulhair and his colleagues are doing in Seattle, my second story.

The Challenge: Worldwide 37 million people are blind worldwide, 27 million of those needlessly. 75% of global blindness is treatable or preventable. 150,000 of these are going blind with treatable cataracts in Central America. Wicked problem.

Enter Global Partnerships and the Clear Vision program, of which Gary Mulhair is the Managing Partner. Gary ran Pioneer Human Services in Seattle, and we got to know each other training social entrepreneurs during the Denali Initiative. Like Laura, Gary took a systems approach to analyzing what going on in Central America.

Situation analysis, data point #1. Gary learned that there is a growing network of micro-finance institutions in Central America. Because of this competition they are now trying to differentiate themselves in the marketplace. So he starts there. “Would you be interested in offering micro-loans for eye care? We think it will differentiate you, help you reach a whole new network of potential borrowers, and demonstrate your commitment to social and community responsibility.”

Data point #2: Ophthalmologists in Central America have now learned India’s famous Aravind Hospitals low cost, outpatient, 15 minute cataract surgical technique. He asks them: “How many cataract surgeries are you doing now?” 500/yr. Gary then asks them: “If you could be doing 5000/yr and rather than doing lots of free care for those who can’t afford it but actually get paid directly—would that interest you?” Yes, of course.

And here’s where the innovation becomes interesting, becomes design thinking at its best. Because the issue here is: how do you bring all this together? How do you solve “the last mile” issue and make sure that the 150,000 people in need of the surgery know about it and can afford it? These folks live in small villages and are spread out all over the countryside. Not through newspapers. Not through the internet.

First solution: find women in the community, low-income themselves, to go door-to-door where they can sell eyeglasses and tell folks about the program. This worked, but not well enough. For one thing, the women just didn’t have the training to adequately diagnose vision problems, which are complex and include not only cataracts but glaucoma, infections, injuries, macular degeneration, and so forth. They were great at selling eyeglasses though. So Gary tried a different solution. Small villages and towns typically still have market days, perhaps once a month, when lots of folks come to town. So Gary shifted his strategy. Now the MFIs—through their local networks of lending institutions—market and publicize a free “eye screening fair”, at their cost. Doctors and nurses from a partner eye clinic show up, along with a representative from the MFI, so that screening is done, surgeries can be scheduled, and loans can be made on the spot.

In a typical screening in the town of La Democracia in southwest Guatemala, 200 people lined up at a public park for the first thorough eye exam most of them had ever received. 37% had cataracts, and were scheduled for surgery later that very week, and were given a loan to pay for the surgery and related costs like transportation or a place to stay in Guatemala City, where the surgeries were performed. 30% needed glasses, and other medications for infections and injuries, and were given these on the spot.

Gary and the people at Global Partnerships have been through five beta-tests, five versions or iterations of this, five designs, tweaking this, tweaking that. I spoke to him on the phone a few weeks ago and he said they’re still working to un-complicate the loan process and on other simplifications and improvements. Making all the pieces fit together seamlessly.

The great beauty of this innovation, as Gary stresses, is that this entire thing is sustainable, requiring no outside funds or charity to keep it up and running. The docs and clinics make more money. The MFIs make more loans and money and have more money to loan out again. And the people can see. Not to discount the role of Gary and Global Partnerships. But what WAS that role? Fundamentally, it was design. In the beginning GP also guaranteed the loans, in case those

receiving the loans couldn't or wouldn't pay them back. Of course, there were no defaults and the loans were paid back. So GP provided both assurance and design. The innovation here was not the low cost surgery—that innovation had already occurred. Nor microfinance, already a robust and growing enterprise in the developing world. Nor free health screenings. The innovation was the design, was the analysis that identified the right players with the right incentives and the free screening, which was the right leverage point in the system, the catalytic effect that caused all the elements to “flux”, as they do in a pottery glaze.

This is social entrepreneurship at its best. Not requiring foundation grants, or government contracts, all the complex nonprofit infrastructure required to keep that money flowing. This is like a perpetual motion machine where everyone benefits. These are complex wicked problems, and require the kind of complex, elegant solutions that Global Partnerships is championing.

Gary has a few things going for him that Laura does not. Internally, both have smart, sustainable program designs. Both are talented, but Gary has a whole group of social investors on board. A team. Laura has also encountered some unexpected external conditions. She learned when she returned from her incredibly successful trip to India this spring where 40 women were trained that the head of her partner orphanage had been thrown in jail on trumped up charges. Seems that there are some people in India who do not want any Indian children adopted by Western families, even though this orphanage is scrupulous in only allowing adoption by Westerners when no Indian families want a child. Heartbreaking. Consider Laura's constituents—orphanded children, undereducated, poor women, orphanage directors. Contrast that with two of Gary's key players—eye doctors and bankers, with much more political and economic clout. And because of Gary's track record at Pioneer, he has a group of social investors behind him, in Seattle, a community proud of its commitment to social investment. Laura's good idea may never become a great innovation. Team, talent, timing, capital, and conditions must all come together.

This last story is from my own experience at Berea College, which perhaps students and faculty here can relate to more directly. It describes how a simple idea became a strong innovation in an institution of higher education.

When I started at Berea College in 1989, we had a summer program that employed twelve students full time over a 12 week period. In the years before I arrived, the program model had students going out in groups of 3 or 4 to different pockets around the community. They picked up kids, took them to playgrounds or on field trips, and sometimes hung out at their houses and interacted with their families.

There were a number of problems with this approach. We worked with too few young people, only 20-25 per summer. There was also no specific programming for the kids. Another thing that made no sense was that our three or four teams of students were competing with other in the community for scarce resources of food, supplies or cash. Finally, and not least, this was a college, and I couldn't see much if any educational benefit for our students. We had a tremendous resource in bright college students eager to serve and tremendous need in the form of basically poorer Appalachian children and families who had clustered in the hills around Berea. We weren't connecting the dots very well or utilizing our resources very well.

We hatched a new plan for the next summer. Why not bring all the kids to campus instead of sending students out? Could we run a summer day camp for Berea kids? We had no idea whether it would work, but had done enough homework to know that there was nothing else out there for kids in Berea. In the spring we got the word out to area schools, and that first summer over 200 kids showed up. Our summer day camp has been going for over 15 years, and there is always a waiting list.

We had our own challenges. The rules and regulations required to feed the kids through the Federal Summer Lunch Program drove us nuts. Should we charge money and develop an earned income stream? If so should we make a distinction between richer and poorer families? We

decided to charge a small fee to cover expenses for supplies and program materials, and make it the same for everybody. It was all worth it, because now Berea students were having rigorous earning experiences designing educational activities, dealing with a complex set of organizational dynamics working with groups of 30 children in two week blocks in a pressurized environment. Faculty began taking us seriously, sending over students, particularly education and sociology majors. Professors started coming over to do training sessions. The day camp also had the unexpected benefit of breaking down town/gown tensions and stereotypes mountain families had of the college and college students. Finally, I theorized that one of the best ways to encourage a college education for these kids from families whose parents may not have even graduated from high school was simply to have them come on campus, hang out with students, eat in the cafeteria, and get a feel for the place. It was a big deal for them, and a big deal for us too. I don't have stats to back it up, but I do know that a kid would often say, "I went to college this summer", and I'd bet that some of them attended college that might not have otherwise.

In short, it worked, and continues to work. Think about the advantage of innovations that arise within an institutional setting. There are challenges, notably political, but far fewer of the sorts of challenges that face entrepreneurs like Laura Peterson. Colleges have existing infrastructure, talent, and capital already in place. At Berea we simply reshuffled the way those resources were being deployed.

Near the end of my time at Berea we had a special little girl during one session named Trina. She was 6 but tiny, the size of a 4 year old. I have not forgotten the day I walked up to her with my friendliest camp director smile and she recoiled as if a rattlesnake had crossed her path. Trina was terrified of people, especially men. She barely spoke and not in complete sentences. She clung tightly to the female staffers, frightened as a little deer. We were a bit taken aback. She kind of scared us. Her social worker came over to tell us that Trina had been severely abused as an infant, and that she had actually made lots of progress in the last year. Until Trina was 5 she didn't speak at all. So we did our best, let her hang out with the female students, and kept our fingers crossed that she'd get something out of the experience and that we could handle it.

In that same session we had another little girl named Martha. Martha was a quadriplegic with some kind of nerve damage. She was a sweet child who didn't speak at all, and spent much of her time napping, leaning against the straps that held her tightly in her wheelchair. Near the end of the session I was walking across campus. Here came our 30 kids on their way to lunch at college food service in a long line, dragging their counselors along. As usual, Martha was bringing up the rear in her wheelchair, which from a distance seemed to be moving on its own. As I got closer I was shocked to look down and see Trina pushing Martha's wheelchair, barely able to see over the top. As I walk by Trina—this frightened, quiet little girl—looks me, a male authority figure, straight in the eye and says with a booming voice and a 1000 watt smile, "I pushing Martha".

I remembered that day why I do the work I do, and why we do the work we do. It's easy to forget with all this talk about ideas and innovation, about social entrepreneurship and good design, that our work is about making things better for real people with real lives. For kids like Trina. For farmers with cataracts in Guatemala. For orphans and low income women in India.

Our world is full of complex challenges, of "wicked problems". This is our watch, and it's clear that the future of human civilization depends upon people like us, people who are designing new possibilities for real people with real lives. *This is our work. This is work that matters. Work that stands on the right side of history. Work we can be proud of. Work, that, as Steve Jobs would say, "makes a dent in the Universe".*

Whatever your challenges, whatever your work, I hope you will persist, and that all your good ideas become great innovations.