Stanford SOCIAL INNOVATION Review

20th Anniversary Essays
Seize the Future by Harnessing the Power of Data
By Kriss Deiglmeier

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tions, and people deserve financial support, philanthropy reinforces plutocracy rather than social innovation that serves the public interest.

Changes to business and government policies could help reverse decades of concentrated wealth accumulation, as well as contribute to social innovation. Until that happens, there are ways that philanthropists can wield their power responsibly. For example, in our report "Choosing Change," we discuss how three factors in particular—inclusivity, durability of power, and systems change—help donors recognize opportunities for addressing structural inequality.[5] Many of the nonprofits highlighted in our annual high-impact giving tool kit are effective and cost-effective precisely because they incorporate the priorities and experiences of the communities affected.[6]

GreenLight Fund, on whose board I serve, decides which causes to support through a community-driven process in each of the 12 cities in which it operates. As a result of that process, funded nonprofits' work and impact endures in those cities, long after Green-Light's grant money is spent down. One of the reasons guaranteed income has emerged as such an effective tool is that it allows the person experiencing the precarious economic situation—not the donor—to decide the best use of money. In other words, it places decision-making power into the hands of the people most directly affected by that decision.

> **When we rethink who is a philanthropist, who receives philanthropic support, and who has the power to decide where philanthropic resources flow, we unlock philanthropy's potential to create lasting, positive social change.**

Around the world, the challenges society faces are numerous and varied. It will require the involvement of all three sectors—government, business, and philanthropy—to address these challenges. Of those three sectors, philanthropy has the fewest financial resources. But it can also act free of the profit requirements of business and the political demands of government.

That freedom is an advantage for social innovation. When we rethink who we consider a philanthropist, who receives philanthropic support, and who has the power to decide where philanthropic resources flow, we unlock philanthropy's potential to use that advantage to create lasting, positive social change. ●

Notes

1   Kathleen Noonan & Katherina Rosqueta, "'I'm not Rockefeller'—33 High Net Worth Philanthropists Discuss Their Approach to Giving," The Center for High Impact Philanthropy, University of Pennsylvania, September 2008.

2   Fishbach, Ayelet Fishback, *Get it Done: Surprising Lessons from the Science of Motivation*, Hachette Book Group. 2022.

3   *Giving USA: The Annual Report on Philanthropy*, The Giving Institute, 2022.

4   Ram Cnaan, Femida Handy, Tiana Marrese, Daniel Choi & Anna Ferris, "Generosity Trends and Impacts: Before and During the COVID-19 Pandemic in the USA," School of Social Policy and Practice, University of Pennsylvania, August 2022.

5   Conor Carroll, Hanh La, Melissa Ortiz, Katherina Rosqueta & Emily Seeburger, "Choosing Change: How to Assess Grant Proposals for Their Potential to Address Structural Inequality," The Center for High Impact Philanthropy, University of Pennsylvania, 2022.

6   "2023 High Impact Giving Toolkit," The Center for High Impact Philanthropy, 2023.

SEIZE THE FUTURE BY HARNESSING THE POWER OF DATA

BY KRISS DEIGLMEIER

A s the founding executive director of the Center for Social Innovation, which launched *Stanford Social Innovation Review*, it is hard to believe we are at its 20th anniversary. It's even harder to believe how much the world has changed since my first day on the job.

A key driver of that change has been the speed of technological advances and the exponential growth of data. Whether you call this the Fourth Industrial Revolution or the Data Age, the foundation of how we work and live as individuals, communities, countries, and globally has forever changed.

In recent years, I've been thinking about how the Data Age has affected the world we envisioned when we started the center. The early vision of the center was to create "a cross-sector community actively building a more just, sustainable, and prosperous world."[1] It remains a worthwhile vision today. The question we need to ask ourselves as social entrepreneurs, activists, philanthropists, nonprofit providers, and government administrators is: If we are indeed living in the Data Age, are we building the kind of organizations and systems that will ensure that the future will be just, sustainable, and prosperous for all?

There is no doubt that everyone's intent is to ensure that the answer to that question is a resounding "yes." However, the reality is that we are not keeping up with the changes that the Data Age is having on society and social change organizations. To truly create the world we envision, the structure and norms of the social impact system need to change fundamentally.

The social impact sector is falling short in its ability to harness the power of the Data Age because it focuses on the past rather than on the future. If we don't make an intentional shift to be more future focused, the next 20 years will push the sector, and those it serves, even further behind. It behooves all of us to remember Alicia Eggert's powerful artwork that captures our lived reality: "This present moment used to be the unimaginable future."

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THE DATA DIVIDE

Data is a form of power. And the sad reality is that power is being held increasingly by the commercial sector and not by organizations seeking to create a more just, sustainable, and prosperous world. A year into my tenure as the chief global impact officer at Splunk, I became consumed with the new era driven by data. Specifically, I was con-

cerned with the emerging data divide, which I defined as "the disparity between the expanding use of data to create commercial value, and the comparatively weak use of data to solve social and environmental challenges."[2]

We need to face the fact that the underlying foundation of society is shifting while the social sector is not. This foundational change is laid out in the new book coauthored by Eric Schmidt, Henry Kissinger, and Daniel Huttenlocker, *The Age of AI*. They make the case that we are moving into a coexistence between humanity and machines. From a historical context, the evolution of humans started in the age of faith that evolved into the age of reason. The future upon us now is the age of people and machines. The world around us will increasingly be full of intelligent systems that will be humanlike but not human. Society, especially the social sector, must get ahead of the implications of that and plan for both the good and bad impact it will have on society. After all, who better to look out for the "people" part of the "people and machines" than the human-centric social sector?

To effectively address the emerging data future, the social impact sector must build an entire impact data ecosystem for this moment in time—and the next moment in time. The way to do that is by investing in those areas where we currently lag the commercial sector. Consider the following gaps:

- Nonprofits are ill equipped with the financial and technical resources they need to make full use of data, often due to underfunding.
- The sector's technical and data talent is a desert compared to the commercial sector.
- While the sector is rich with output and service-delivery data, that data is locked away or is unusable in its current form.
- The sector lacks living data platforms (collaboratives and data refineries) that can make use of sector-wide data in a way that helps improve service delivery, maximize impact, and create radical innovation.

The harsh realities of the sector's disparate data skills, infrastructure, and competencies show the dire current state. For the impact sector to transition to a place of power, it must jump without hesitation into the arena of the Data Age—and invest time, talent, and money in filling in these gaps.

Regardless of our lagging position, the social sector has both an incredible opportunity and a unique capacity to drive the power of data into the emerging and unimaginable. The good news is that there's pivotal work already happening in the sector that is making it easier to build the kind of impact data ecosystem needed to join the Data Age. The framing and terms used to describe this work are many—data for good, data science for impact, open data, public interest technology, data lakes, ethical data, and artificial intelligence ethics.

These individual pieces, while important, are not enough. To fully exploit the power of data for a more just, sustainable, and prosperous world, we need to be bold enough to build the full ecosystem and not be satisfied with piecemeal work. To do that we should begin by looking at the assets that we have and build on those.

DATA ASSETS TO BUILD ON

People. There are dedicated leaders in the field of social innovation who are committed to using data for impact and who have been doing that for many years. We need to support them by investing in their work at scale. The list of people leading the way is constantly growing, but to name a few: Stefaan G. Verhulst, Joy Buolamwini, Jim Fruchterman, Katara McCarty, Geoff Mulgan, Rediet Abebe, Jason Saul, and Jake Porway.

While this is an important first step, we must ensure that this work is not siloed in organizations or at the field level. In fact, a core skill for all jobs going forward is a baseline competency in data. Thus, program, communications, finance, and HR staff at all levels need to have data skills. And of course, attracting highly skilled data talent into the impact sector must be prioritized, funded, and not considered overhead.

Proximity. The social sector is engaged directly with solving social problems, and with this proximity comes a deep understanding of intangible truths or unseen facts that are not always clear in the data. While data can reveal a problem, social sector leaders and staff can see why that problem exists—and how it can best be addressed. They can also see the very real, often very raw effect it is having on the people involved.

With this proximity comes the potential to bridge data and human reality. Building from what Jake Porway wrote last year, there are three core activities social sector actors can use to take full advantage of its proximity: observe the world today, reason about how our actions could change it, and act to make the world look a little more like our goal state.[3]

With the help of a robust data ecosystem, we can expand our observation capacity by aggregating information at a scale that people could not do alone. Then, we can enter the reason stage with data insights anchored in the human experience. Lastly, by expanding our observations and reasoning, we can increase the probability of a better outcome in the act stage.

Purpose. Nonprofit organizations are built around mission and values. It was why they were created in the first place and what guides the work, day in and day out. That grounding will help ensure that the data ecosystem we create is mission driven and guided by values.

And, if we're quick to act, we can pull in the talent of the technology-steeped workforce that is the Millennial and Gen Z generations. Recent research shows that this is possible: Millennials would be more loyal to a company that helps them contribute to social and environmental issues, and Generation Z is the first generation to prioritize purpose over salary.[4] The commercial sector is frantically trying to add purpose, but the social sector is light years ahead in that department.

Patience. The social sector knows that social change does not happen in time for quarterly shareholder reports—instead, it prioritizes impact over financial value. We know investments in society and the environment may not see a return for many years or, even, many generations. That is a superpower and our leg up on the commercial sector. That said, it isn't an argument to exclude them. In fact, we must engage with the commercial sector as partners if we are to bridge the data divide and build a data-driven impact ecosystem.

With so many global crises already unfolding, we need problem solvers from all sectors of society to harness the power of data for

positive social and environmental impact. As Jim Phills Jr., Dale Miller, and I wrote in our 2008 *SSIR* article "Rediscovering Social Innovation," "Finally, we believe the most important implication is the importance of recognizing the fundamental role of cross-sector dynamics: exchanging ideas and values, shifting roles and relationships, and blending public, philanthropic, and private resources."[5]

This approach still holds true today. We need to bring people from across all sectors of society to work together. But just as we can't wait for the commercial sector to invite us to the data table, we can't sit by and wait for them to join us at the social change table. It's time the social sector started to drive the power of data, alongside the commercial sector, toward a future that is just, sustainable, and prosperous for all. ●

Notes

1 The Center for Social Innovation's early vision is quoted from a pitch deck we put together at the founding.

2 Kriss Deiglmeier, "The 'Data Divide' is a New Form of Injustice. Ending it Could Help us Meet Humanity's Greatest Challenge," *Forbes*, October 6, 2022.

3 Jake Porway, "Funding Data and AI That Serve the Social Sector," *Stanford Social Innovation Review*, May 16, 2022.

4 Afdhel Aziz, "The Power of Purpose: The Business Case for Purpose (All the Data You Were Looking For Pt 2)," *Forbes*, March 7, 2020.

5 James A. Phills, Jr., Kriss Deiglmeier & Dale T. Miller, "Rediscovering Social Innovation," *Stanford Social Innovation Review*, Fall 2008.

SHIFTING POWER TO AFRICAN ORGANIZATIONS

BY NDIDI NWUNELI

By 2050, Africa's population is expected to double to 2.4 billion, meaning that 1 in 4 people in the world will live on the continent.[1] And Nigeria will become the third most populous country after China and India. This dramatic demographic shift will have ramifications for the global social innovation landscape—and funders both in Africa and globally need to adjust.

While millions of social enterprises are emerging in Africa—concentrated in Kenya, Egypt, South Africa, and Nigeria—the majority are struggling to scale up.[2] Their biggest challenge is the persistent barriers to obtaining funding from local and international organizations, particularly when compared to the funding that international NGOs and foreign-owned or -based social enterprises receive. Only 9 percent of large gifts by African donors and 14 percent of large gifts by non-African donors go to local NGOs.[3] Most large gifts go to international NGOs based outside of Africa, operating foundations, and the public sector.

Over the next 20 years, this disparity must change so that local social enterprises can obtain the funding and support required to meet the education, health, climate, food security, and energy needs of Africa's growing population. This shift will require a reset in the way that local and international funders, and international NGOs,

engage with local organizations in Africa. For this to occur, African and global philanthropists, corporate foundations, and impact investors who are committed to supporting social innovation in Africa must embrace three critical actions.

BUILD A VIBRANT AND FUNDING-READY LOCAL PIPELINE

When funders are challenged about their poor track record of supporting local African organizations, their principal arguments are that they cannot find credible and capable local companies or that they need to move quickly and prefer to work with trusted partners who are already in their "system." On the other hand, African entrepreneurs argue that they are largely closed off from the funding landscape because of their limited networks and the implicit bias of many funders. Some also say that funders hold them to a different and often higher set of standards, and that funders tend to support individuals who share similar experiences to their own. They point to the example of some recent African entrepreneurs graduating with MBAs from leading universities in Europe and the United States who appear to have established support networks abroad before returning home to start their ventures, enabling them easier access to funding.

Another challenge is that the overwhelming number of new investments being made in Africa go to technology ventures, with limited amounts going to other critical areas such as agriculture and health. In 2021, 31 percent of the funding flowed to fintech enterprises and 22 percent to cleantech, while agriculture only attracted 7 percent and health just 9 percent, even amid the COVID-19 pandemic.[4] In addition, only 17 percent of those who raised funding were women. While these results are not unique to Africa, the need for more equitable funding flows and greater diversity on the continent will only grow in the future.

A series of recent initiatives has been launched to address this pipeline gap. In 2022, the African Philanthropy Forum launched Start Point Africa, a digital platform to bridge the gap between donors seeking to fund credible African-led organizations and local organizations that need funding. In the same year, Catalyst 2030 created Africa Forward. One of its five priority initiatives is focused on redirecting funding so that at least 50 percent of all African funding goes to African-led organizations directly, without using intermediaries, and with particular consideration for youth- and gender-focused organizations.

Funders can reduce their perceived risk by tapping into local networks of accelerators and incubators. Examples of leading efforts include LEAP Africa's Social Innovator's Program in Nigeria, Co-Creation Hub in Nigeria, and blueMoon Advisory Services in Ethiopia, all of which have local credibility and strong relationships with the research community.

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