

*What's Next*  
**Unlocking Future Savings**  
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## Drowning Out Hate

► West Virginians had scarcely finished recovering their dead from one of the nation's worst coal mine disasters when more bad news came to call. In April, hateronger Fred Phelps announced plans to picket sites across the state, accompanied by

tance to intolerance is ever new," says Patrice O'Neill, a documentary filmmaker whose work has sparked this grassroots movement against hate.

The Not in Our Town Web site launched in April, but O'Neill and colleagues at the Working Group, a nonprofit media company in Oakland, Calif., have a long history of producing anti-hate messages. In 1995, PBS aired their first *Not in*

nized that we need to have discussions about how we treat each other."

For most filmmakers, that would have been a satisfying conclusion to a project. But this story wouldn't go away. O'Neill soon found herself fielding calls from Bloomington, Ill., where citizens were organizing a local campaign in support of African-American churches. "They had created a whole series of events

hate," he adds. But by gathering examples of citizens who do speak up when confronted with intolerance, the Not in Our Town Web site "has made this into a national idea. Communities can see how to use these events to create discussions that would never occur otherwise," he adds. The Billings story stands out, he adds, "as one of the most brilliant, homegrown responses to hate this country has ever seen."

As a grassroots movement, Not in Our Town has evolved in parallel with the Internet. At first, resources were simply shared on the PBS Web site. As the Internet became more interactive, the Working Group realized they needed to have their own Web site. They started creating the new site with help from the Bay Area Video Coalition. Several foundations contributed money to help pay for building the site. The next challenge, O'Neill says, will be teaching community members how to use digital tools to document and share their own stories.

Involvement in the Not in Our Town Web site "has changed me as a filmmaker," O'Neill says, and has also shifted the focus of the Working Group toward advocacy. "There are lots of ways we could cover hate crimes. We focus on individuals and communities who are trying to create better, safer, more inclusive environments," she says. By incorporating civic engagement into their work and expanding their reach through online tools, "there is a more robust life for our stories," adds O'Neill. "People find their own, innovative ways to build on them." ■



his band of antigay followers from Westboro Baptist Church. (Phelps believes that the miners died because God is punishing America for tolerating gays.)

West Virginians weren't about to stand by while Phelps and company spewed invective. They staged a series of upbeat counter-rallies, complete with flash mobs dancing to a disco version of "Take Me Home, Country Roads."

West Virginia's spirited response is among a growing collection of anti-hate stories shared on a Web site called Not in Our Town. "The story of resis-

*Protesters denounce Westboro Baptist Church's presence at Gunn High School in Palo Alto, Calif.*

*Our Town* documentary about the citizens of Billings, Mont., rallying to resist white supremacists. As a follow-up to the broadcast, filmmakers offered to host town hall meetings with interested communities, using the Billings story as a starting point for conversation. "We expected to organize 10 [town meetings]. There were more than 100 across the country," O'Neill recalls. "People recog-

around the documentary," O'Neill recalls, "and so we went there with our cameras." Similar events played out in Kokomo, Ind., and Columbus, Ohio. "People were ready to take the *Not in Our Town* story and make it their own. There were incredibly innovative actions taking place on the ground, and it was important for us to document those actions and retell those stories."

Mark Potok, who directs the Intelligence Project for the Southern Poverty Law Center, considers O'Neill's work "terribly important. No town wants to say, 'We have a problem with

SOCIALLY RESPONSIBLE  
INVESTING

## Unlocking Future Savings

► What should you expect if you're a young Englishman on the wrong side of the law? Chances are, you'll get a short jail sentence—but not much else. Prisoners serving less than a year typically receive little in the way of job training or other social services. When their term's up, they tend to commit crimes at a high rate, with 60 percent back in the pen within a year. Once they become career criminals, “then taxpayers make a huge investment in them,” says Emily Bolton, associate director of the London-based organization Social Finance. “If only some of that money could have been used earlier, society could expect significant cost savings.”

Turning those imagined future savings into a financial asset is the goal of a new type of bond that Social Finance has spent three years developing. Social Impact Bonds raise investment capital for promising social programs, such as an anti-recidivism initiative for young offenders. If the intervention actually cuts re-offending rates, investors will be paid a share of that savings by the U.K. Ministry of Justice.

The idea of paying investors for future savings may sound simple, but working out the details has been a complex process, says Toby Eccles, founder and development director of Social Finance. “For government and investors, this is such a new way of thinking,” he says. “We had to convince government to sign up for a contract where they were paying purely on the achievement of social outcome.”

Under the terms of the contract, Social Finance raises the

capital from foundations and high-net-worth people to fund a specific social program. That money is in effect the bond's principal. If the program does not meet its goals, investors receive nothing. If the program meets its goals, the government pays the investors their principal plus a share of the savings.

The first bond, issued in March, raises £5 million for a six-



year anti-recidivism initiative at Peterborough Prison in the east of England. Earnings kick in if the intervention reduces recidivism by at least 7.5 percent. Investors earn more with greater program success, with earnings capped at 13 percent.

For social sector organizations, the new financing model promises to deliver more reliable funding. Bolton describes current nonprofit funding mechanisms as “irrational.” Grants tend to be short term, with metrics focused on “how many people go through a program rather than the real change they made in the world,” she says. “And just as you get a program up and running and you're ready to improve on it, the funding cuts off.” Social Impact Bonds build in a longer timeline, “so you have the ability to learn and improve on what works.”

Tight government budgets usually mean program cuts, es-

pecially for novel ideas. This model “creates room for innovation,” Bolton says, by opening a new funding stream.

Social Impact Bonds may be “the start of a funding revolution for organizations that specialize in preventative work,” says Rob Owen, chief executive of St. Giles Trust. His organization will be delivering services at Peterborough Prison, where he pre-

dicts a “win-win-win situation. Society wins as there are fewer victims of crime, the taxpayer wins as less money is spent on prisons, and clients win because they are given the chance to turn their lives around.”

Investors could win as well. Once Social Impact Bonds establish a track record, “we could see a pool of capital up to hundreds of millions [of pounds],” predicts Eccles. Future bonds could focus on improving preventative care to children in state care, elderly populations, or the mental health community.

Already, Social Impact Bonds are attracting attention. Social Finance welcomes imitation and plans to share what it learns. But Bolton offers a word of caution. Social Impact Bonds require an objective measurement of outcomes, “and that doesn't work in every situation,” she says. “We think this is going to be one answer—not *the* answer.” ■

SOCIAL MEDIA

## Nonprofits Pipe Up

► If you work for a small nonprofit, chances are you're already busy building schools, vaccinating infants, or providing emergency medical relief. “You don't have time to stop and say, ‘What should we be doing on Facebook today?’” says Chris Hughes. That may sound like a brutally frank admission from the guy who co-founded Facebook, but Hughes isn't suggesting that nonprofits give up on social media. Far from it. What smaller nonprofits need, he argues, is a new platform that will make it easier for them to connect online with the people most likely to care about their good work.

He calls his new idea Jumo, which means “together in concert” in Yoruba. Due to launch in late fall, the site will connect “everyday people” with a steady stream of information about the organizations that are “highly relevant to them,” Hughes says. Although Jumo is likely to feature “give now” widgets for charities, the goal is to foster longer-term relationships rather than one-shot donations or short-term attention.

Larger nonprofits have been quicker to take advantage of social media, Hughes says, “because they have the resources to tell their own stories. They have staffs that can specialize in using these newer technologies” such as Facebook or Twitter. Small- and medium-sized NGOs also have compelling stories to share but lack the time “to have a more robust presence,” he says.

Time isn't the only thing standing between small organizations and a stronger online presence, says Beth Kanter, co-

author of *The Networked Non-profit* and frequent speaker to nonprofit audiences. Many organizations lack an effective communications plan, she says, “so when they try to use social media, it doesn’t work well because they don’t have capacity, comfort, or content.”

Where is all the relevant content that Hughes is promising going to come from? Not from Jumo. “We’re about building the pipes,” he says, “not creating content or curating information.” Jumo will collect all the media published each day related to specific issues, such as HIV or climate change, from blogs, news sites, Facebook, Twitter, and other sources. Users will also be able to find and connect with organizations from around the world doing work on each featured issue. Jumo will provide some vetting to ensure that “the best organizations are surfaced in front of new users as quickly as possible,” Hughes says.

To grow his own start-up nonprofit, Hughes is drawing on lessons learned at Facebook as well as insights gained from being social media strategist for the Barack Obama presidential campaign. “One of the biggest lessons a lot of us took away [from the campaign] was the importance of relationships in building a movement. Reading an article about an important cause is not enough. Getting an e-mail with a big red ‘donate’ button is not quite it, either,” Hughes says. “It’s about spending time to get to know an issue or organization and understanding why its work is important.”

The 26-year-old Hughes is also getting some coaching from “smart people in the field,” he says, including Columbia University professor and global poverty expert Jeffrey Sachs and Linda Rottenberg, CEO of Endeavor, a

nonprofit that supports entrepreneurs in developing countries. A handful of individual donors have contributed funding. Eventually, Jumo aims to be self-sustaining with revenue likely to come from online donations and advertising.

Kanter warns that nonprofits will still have to work strategically to get out their message. “Even if there’s a tool that makes it easier or saves time,” she says, “people who work at nonprofits have to make a change in habit” if they hope to tap the benefits of social media. ■

#### PHILANTHROPY

## Wisdom of a Smaller Crowd

► Let’s say you care enough about a particular issue to open your wallet. How do you choose the best recipient for your donation? For an individual donor, this can be a surprisingly hard question to answer. “Financial information about nonprofits is available, but not much else,” says Deyan Vitanov, CEO of the start-up Philanthropedia. “There’s no easy way to find out about impact, and that’s what matters most.” His new organization aims to bring donors expert opinion about who’s doing the best work in critical areas like education, climate change, and microfinance.

Instead of crowdsourcing this advice, Philanthropedia bases its recommendations on what Vitanov calls “expert sourcing.” More than 1,000 unpaid experts have signed on to help by responding to Philanthropedia’s surveys. They include program officers from foundations, professors, policymakers, journalists, and others “who have all this information in their heads,” Vitanov says. “The average person doesn’t have access to this

knowledge. We’ve come up with a low-cost way to extract it, compile it, and create meaningful recommendations based on what the experts know.”

Philanthropedia uses its research to assemble a portfolio for each cause. Like mutual funds, portfolios list several nonprofits along with a recommended asset allocation. The climate change portfolio, for instance, currently includes 15 nonprofits. The Natural Resources Defense Council gets the biggest share—14 percent of the pie—while newer iSky gets just 3 percent. “Donors are welcome to follow the expert recommendation or create their own funds,” Vitanov says. “It’s up to you to choose which causes you care about and how you want to contribute.”

Incubated while Vitanov and cofounder Howard Bornstein were classmates at the Stanford Graduate School of Business, Philanthropedia launched in 2009 with a \$300,000 grant from the William and Flora Hewlett Foundation. One of the newest entrants in the charity-rating field, Philanthropedia takes a different approach from the better-known Charity Navigator, which bases its four-star system on analysis of financial reports from nonprofits.

Organizations don’t apply or ask to be reviewed by Philanthropedia. Nor is there a single evaluation formula applied across all causes. Instead, Philanthropedia offers the experts a blank slate and invites them to name highly effective nonprofits in a particular sector. “And then we ask why,” Vitanov says. “On the basis of what evidence of impact are you recommending?” For each organization listed, experts are also asked to cite both strengths and areas for improvement. Those com-

ments are quoted alongside recommended nonprofits. Teach for America, for instance, is praised by education experts for “dramatically increasing the number and quality of people who go into the teaching profession,” but also criticized for high turnover rates among the teachers it places. A second survey asks the same experts to weigh in on the names that surfaced most frequently in the first round. The whole process takes a few months for each cause.

Philanthropedia began with three featured causes on its Web site and plans to expand to a dozen by early fall. The young nonprofit is also sharing its research with other organizations. GuideStar, for instance, has started featuring endorsements from Philanthropedia as well as from another new charity rater called GiveWell, which provides in-depth analysis of a limited number of nonprofits.

“Philanthropedia has hit on a constructive way to rate nonprofits,” says Sean Stannard-Stockton, CEO of Tactical Philanthropy Advisors. “The cost is low enough to quickly research a number of causes and organizations, but the information level is really quite high.” Donors are eager to know more about the effectiveness of organizations, he says. After the Indian Ocean tsunami caused widespread destruction in 2004, “the meme in the media was ‘Give,’” says Stannard-Stockton. “After the earthquake in Haiti [this year], it was ‘Give well.’”

For those who have the means to also give generously, Philanthropedia plans to offer an additional service called Expertise on Demand. This will connect major donors and philanthropic advisors with Philanthropedia’s stable of experts for in-depth conversations. ■