

# Stanford SOCIAL INNOVATION<sup>Review</sup>

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**Hacking the Bias in Big Bets**  
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# Hacking the Bias in Big Bets

The president of Echoing Green explains how to get more big bets to flow to organizations led by people of color.

BY CHERYL DORSEY

**T**he nonprofit playing field is far from level when it comes to funding opportunities for organizations led by people of color. In fact, only 11 percent of social change big bets made between 2010 and 2014 went to such organizations. (See “Philanthropists: Look Beyond Your Inner Circle” on page 6 of this supplement.) The rise of large, syndicated funds only increases the chance that this dynamic will persist (or even worsen) unless we proactively address biases in the system.

At Echoing Green, we consider ourselves social-sector angel investors. Our program supports early-stage organizations that work at the intersection of social innovation and social justice. We feel privileged that leaders of color and proximate leaders (leaders personally familiar with the communities being served), who together are working on issues in their own communities, are overrepresented in our fellowship program. This overrepresentation is critical, not only because it serves as a tool to encourage equity, but also from an impact perspective, in part because arguably the social innovators who are closest to their communities have the ideas, talent, and authenticity to effect the greatest change.

Consider Kennedy Odede, a 2010 Echoing Green fellow and cofounder of Shining Hope for Communities (SHOFCO), who grew up in Kibera, the largest slum in Nairobi, Kenya, where he experienced the realities of extreme poverty. SHOFCO is now the largest grassroots organization in Kibera, providing critical services, community advocacy platforms, and education and leadership development for women and girls. Odede was equipped to launch and propel SHOFCO because he understood that the power, creativity, and entrepreneurial spirit of the people of Kibera needed to be the driving forces accelerating

the organization’s impact. Proximate leaders like him are better able to address community problems and identify solutions because they have experienced their community’s challenges themselves.

Our aim at Echoing Green is to expand access to funding for all social entrepreneurs regardless of who they are or where they are from. Achieving our objective calls for hacking the bias that exists in the nonprofit sector.

Several interrelated challenges make this goal difficult to achieve. The first stumbling block is a denominator problem. A 2017 study from Building Movement Project found that the percentage of people of color in nonprofit CEO roles has remained under 20 percent for the last 15 years. The study also suggests that this is not because of lack of aspiration or readiness by diverse candidates, but rather that the playing field is uneven.

A second issue is what I refer to as “compound bias”: multiple, overlapping, systemic barriers that stand in the way of unleashing more big bets for organizations led by people of color.

One such barrier is that people of color are less likely to have relationships with big-bet donors. Organizations run by people of color are also more likely to be under-resourced, so they are often not even on big-bet donors’ radars. Research also confirms that funders are vastly more likely to invest in people who share the same ethnic, educational, and career backgrounds. This homophily, in this case, “like funds like,” is a significant barrier for organizations run by people of color.

Donors’ risk aversion is also at play. Donors sometimes view the types of organizations that are more commonly led by people of color, such as smaller human service organizations that are deeply embedded in their communities, and which can seem less proven or have harder-to-measure results, as riskier bets.

To truly address the structural inequities in the nonprofit sector, many more funders and leaders in the field will need to pursue

approaches to leadership and organizational development that hack bias and structural barriers, which in turn will enable people of color to establish relationships with donors and build the trust in their organizations that precedes a big bet. Let me suggest a few ways we all can start:

**Use brand equity to open doors.** Affiliations with established social impact advisors and investors create crucial opportunities for early-stage entrepreneurs. In the case of Echoing Green, our fellowship programs provide rising leaders with the imprimatur they need to access funding networks that were previously beyond their reach and help them cultivate relationships in the wider nonprofit world. More established social impact investors, be they organizations or individuals, should think about how they can do the same.

**Build big-bet readiness.** We need to create a pipeline for big bets by identifying talented entrepreneurs upstream, offering leadership development, and making initial small bets. The financial investment we make at Echoing Green is only a small part of the support equation. For instance, each fellow is assigned an advisor to help her strengthen her team and develop materials that will resonate with donors. Ideally, this coaching and development will enable a seamless handoff to next-level funders. We’ve seen it work: Following their Echoing Green fellowships, fellows go on to raise 10 times our initial funding amount.

**Change how we measure.** Common social-sector approaches to measurement, which rely on metrics imposed from the top down and focus on short-term, testable indicators, are not always the right approach for measuring the kind of deep social change so many of our social entrepreneurs are engaged with. The complexity of social change, and the fact that service users and communities are often disconnected from selecting indicators for measurement, make it harder to validate the long-term work of social change and movement building. We need new ways of thinking about what to measure and how to measure it.

The time to build opportunities for the next-generation leaders of color and proximate social entrepreneurs who have the vision to see solutions where others see only challenges is now. Directing our support, and eventually our big bets, in their direction will elevate the diverse talent we need to drive transformative social change. ●

**CHERYL DORSEY** is president of Echoing Green, a global organization seeding and unleashing next-generation talent to solve the world’s biggest problems. She is also a member of The Bridgespan Group’s Board of Trustees and Knowledge Advisory Board.