

Stanford SOCIAL INNOVATION^{Review}

Bridgespan Supplement
Big Gift, Big Impact
By Andrew Youn & Matthew Forti

Stanford Social Innovation Review
Spring 2019

Copyright © 2018 by Leland Stanford Jr. University
All Rights Reserved

Big Gift, Big Impact

The cofounder and executive director of One Acre Fund and the managing director of One Acre Fund USA write about the role a big bet played in helping their organization expand its impact.

BY ANDREW YOUN & MATTHEW FORTI

Whether or not you are a believer in capitalism, you must admit: Capitalism is an astonishing force.

When a company produces value, our capitalist system is remarkably efficient at encouraging growth. Early on, angel investors put in small investments. Then venture capital takes over. Then private equity, and eventually, public markets. Successful companies routinely attract \$10 million, \$100 million, and even \$1 billion investments. This regular deployment of large sums of money—big bets—enables rapid, dramatic growth.

Not so in the nonprofit sector, where \$10 million-plus gifts are comparatively rare. From 2000 to 2012, we estimate that such commitments comprised only 3 percent of total social change giving in the United States (where data are more readily available).¹ Regardless of an organization's success, it is extremely unlikely to attract a significant philanthropic investment that can help it reach a meaningful size.

We run One Acre Fund, a nonprofit that provides professional services to smallholder farmers in sub-Saharan Africa. Our aim is to help them grow their way out of hunger and build lasting pathways to prosperity. Every year, we work diligently to meet our budget and hopefully eke out a little bit of growth for the next year. But as we have grown, we have found it increasingly difficult to enlarge our grant base. Even though we are a leading organization in smallholder agriculture, with an effective and proven program model, we are serving less than 2 percent of the total need for our services. In the nonprofit sector, there simply is no equivalent of venture capital, private equity, and public markets—in other words, the kinds of backers who can help us to truly grow.

From our perspective, small gifts lead to small thinking. We are not alone. The prepon-

derance of small grants confines nonprofits to small size. An analysis by The Bridgespan Group identified only 144 US nonprofits founded since 1975 that reached a size of at least \$50 million in annual revenue by 2007.² That's a pretty low bar—a large supermarket in your neighborhood, for example, probably has \$50 million in annual revenue.

An increasing number of philanthropists are beginning to change this story. These philanthropists are not merely interested in supporting a range of nonprofits. They wish to produce visible transformation in a few, targeted fields. They realize that accomplishing big things in society requires allocating commensurate resources.

As we can attest, the effects are meaningful. One Acre Fund is proud to be one of seven nonprofits supported by the Audacious Project, which has organized a group of philanthropists to make big bets. Audacious donors agreed to give us \$1 for every \$2 in grants we raise from other sources, thereby contributing fully one-third of our grant funding over a five-year period.

The Audacious grant enabled us to expand our reach, improve the quality of our impact, strengthen our infrastructure, and deploy more resources in service of our mission.

Immediately after the Audacious commitment, One Acre Fund grew from four countries to six. The resources enabled us to meaningfully test and expand the pilots we were running in new countries. In just five years, we believe the Audacious commitment will enable our organization to quintuple the number of farmers we serve annually. We also improved the quality of our impact. For instance, we were able to invest in turning a small tree-planting trial into a major programmatic expansion. Last year, One Acre Fund farmers planted eight million surviving trees. We also built a new Kenya headquarters, which helped us to attract new talent and will ultimately save us money compared to renting. With a larger

footprint, we are now set to receive and deploy more resources more efficiently than ever before, and to dream much bigger about our role in ending hunger in Africa.

We believe social change organizations that can demonstrate successful programs models and the capacity for effective expansion can and should take intentional steps to become more “big bettable.” Here is our advice to fellow social change leaders:

Dream. Be ambitious. We found it helpful to take a step back from our immediate organizational needs to consider the entire field we were trying to shift. The possibility of big bets enables step-change thinking, rather than being limited to the immediate horizon.

Be careful in timing and make realistic plans. There have been many moments where our organization did not feel able to absorb transformative amounts of funding. In those instances, we invested to ready our programs for expansion. We built substantive, bottom-up forecasts from each of our country operations. We did not have all the answers, but, at the right moment, we felt confident about our ability to effectively deploy a big bet.

Authentically reflect both heart and head. Seek ways to communicate the dignity of and inspiration we feel from the people we serve, such as the hardworking mother or the child striving to reach his full potential. This is the heart of what we do. When we marry that to the head in the form of a realistic, cost-effective, and “shovel-ready” implementation plan (to borrow Bridgespan's term), then we create the kind of investment proposition that sophisticated givers demand.

Big bets work. When philanthropists and social change leaders team up to think bigger, they create the potential for transformative change. Well-run organizations that stay grounded in the important day-to-day work while fostering a bigger vision for what they can achieve in their field may be able to find bold, innovative philanthropists who want to invest in their accomplishments. This “big-bets” thinking requires a bolder, less “traditional” approach. But it creates far greater potential for transformative change. ●

NOTES

- 1 Based on One Acre Fund's analysis of Bridgespan's big bet data and Giving USA statistics.
- 2 William Foster and Gail Fine (Perreault), “How Nonprofits Get Really Big,” *Stanford Social Innovation Review*, Spring 2007.

ANDREW YOUN is the cofounder and executive director of One Acre Fund. MATTHEW FORTI is managing director of One Acre Fund USA and an alumnus of The Bridgespan Group.