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**STANFORD** SOCIAL INNOVATION *review*

## **Notable Books**

**GIVING: How Each of Us Can Change the World**

**By Bill Clinton**

**Reviewed by Paul Collier**

**THE POWER OF UNREASONABLE PEOPLE: How Social  
Entrepreneurs Create Markets That Change the World**

**By John Elkington & Pamela Hartigan**

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**GRASSROOTS PHILANTHROPY: Field Notes of a Maverick  
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**By Bill Somerville with Fred Setterberg**

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**INNOVATION NATION: How America Is Losing Its Innovation Edge,  
Why It Matters, and What We Can Do to Get It Back**

**MAKING SUSTAINABILITY WORK: Best Practices in Managing and  
Measuring Corporate Social, Environmental, and Economic Impacts**

**THE BLUE WAY: How to Profit by Investing in a Better World**

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## GIVING: How Each of Us Can Change the World

Bill Clinton

256 pages (Knopf, 2007)

Reviewed by Paul Collier

Bill Clinton's unrivaled ability to communicate relies on the technique of bringing home important abstract arguments through potent human illustrations. The former president's book, *Giving*, abounds in such stories, many so uplifting as to be profoundly moving. Indeed, I defy any normal person to read this book and not be awed and humbled by the power of energy and goodness conjoined. But so numerous are the stories, readers could easily overlook Clinton's abstract argument. Indeed, cynical readers will consider this book merely a sustained ego trip wherein Clinton only seems compassionate. Such a judgment would, however, miss something of real importance.

Clinton launches off from the brute fact that many people at the bottom of society are not sufficiently sharing our unprecedented prosperity. This is the case both within America, where stagnant wages coexist with exploding profits, and internationally, where the standard of living of the bottom billion has, over the last four decades, diverged even further from the developed world's.

Clinton's main points are that ordinary citizens are already doing much to right this inequity and that there is scope to do even more. The range of individual contributions is truly extraordinary. Beauty salon owner Diane Stevens, for instance, finds funding and enlists a group of colleagues to train 300 beauticians in post-conflict Sierra Leone. John Wood, having witnessed a need for books in Nepalese schools,

builds an organization that in its first five years provides 1.5 million books, builds 287 schools, and establishes 3,600 libraries.

It is no longer a matter of waiting for the government to do something: The United States alone has more than 10 million people employed in charities. Indeed, in many fields nongovernmental organizations (NGOs) are now bigger than government. The splen-

did Christian development charity World Vision employs far more people than the World Bank and has a seven-figure e-mail membership that the external relations department of the World Bank would die for. Whereas the weighting of votes on the World Bank's board gives donor governments most of the decision power and the bank's interventions are top-down, World Vision's board is globally representative and its mass membership enables it to have a bottom-up approach to assistance.

But we should not get carried away: Government still matters, as Clinton knows better than anyone. In his long political career he was the ultimate "policy wonk," and he slips into the book his belief that time devoted to getting policy changed is also a way of giving. Obviously, what poor people and poor countries often need most is that we in rich countries change our policies. But here's the rub. Direct citizen power over financial assistance and policies is analogous to government by referendum; professionalism is bypassed. If priorities are to be set directly by citizens, they will likely be reduced to those that are either evident from common sense or merely photogenic.

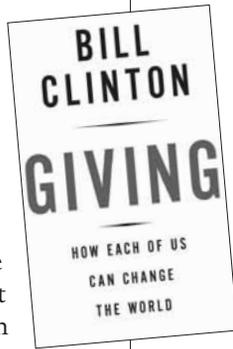
Common sense is not a bad guide to public action, but it will leave gaping lacunae. Is AIDS going to be overfunded while unpopular approaches such as

opening our markets to the poor's agricultural products fall by the wayside? Leadership is now passing from the technocratic public institutions of the 20th century, such as the International Monetary Fund and the World Bank, to the citizen organizations of the 21st century. In the process, we risk losing the baby with the bathwater.

The bathwater is, of course, clunking bureaucracy, which is being replaced by energy, commitment, and flexibility. But the baby is the dispassionate analysis that the professional technocrats of the international organizations were able to bring to complex problems. That is why we have economics: It goes where common sense alone cannot reach. Thousands of poverty-focused interventions will help, but they are not a substitute for an effective growth strategy. The World Bank may be a creaking bureaucracy, but it does have the world's largest research department on development. This enables the World Bank to generate its own research, to absorb the research of universities, and to feed the synthesis to the governments of impoverished countries. Strategies informed by research may sometimes be wrong, but they stand a better chance than those that are not.

As might be expected, Clinton himself seems remarkably up to speed in the underlying analysis. But his analytics is so lightly done that the drumbeat of compassionate action often drowns it out. He designed this book to motivate rather than inform. Clinton the policy wonk is as necessary as Clinton the communicator: He needs to write another book.

*Paul Collier is a professor of economics at Oxford University and the author of The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It.*



## THE POWER OF UNREASONABLE PEOPLE: How Social Entrepreneurs Create Markets That Change the World

John Elkington & Pamela Hartigan

272 pages (Harvard Business School Press, 2008)

Reviewed by Rick Aubry

Pamela Hartigan and John Elkington have written an essential book for anyone interested in understanding the phenomenon of social entrepreneurship. Their comprehensive and thoughtful book offers a great single source for understanding the amazing variety of social entrepreneurs throughout the world. With the burgeoning of interest among scholars, students, foundations, and policymakers, *The Power of Unreasonable People* should join the short list of required reading on social entrepreneurship.

Who are social entrepreneurs? What distinguishes them from other agents of change in the world? Why does what they do matter? Is it possible to scale the impact of their work? The authors answer these critical questions and lay the groundwork for others left dangling.

Thanks to their many years spent as leaders and eyewitnesses in the field of social change, Hartigan and Elkington have a wealth of personal relationships from which to draw for this well-researched book. They present insights, information, and analysis gathered from both the literature and direct conversations with an extraordinarily broad array of social entrepreneurs.

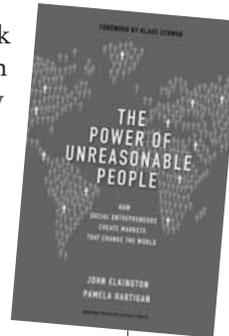
*The Power of Unreasonable People* complements the other seminal book on social entrepreneurs, David Bornstein's *How to Change the World*. But whereas Bornstein focuses on a handful of entrepreneurs and dives deeply into their stories, Hartigan and Elkington illuminate

the breadth of amazing work being done by the more than 50 social entrepreneurs they feature.

They join Bornstein and J. Gregory Dees, the field's other leading observer, in focusing on the social entrepreneur's personal traits. Their primary thesis is that without these individuals' tenacity, commitment, and "against all odds" approach, their innovations would never have seen the light of day. They cite 2006 Nobel Peace Prize winner Muhammad Yunus, who, at the first Schwab Foundation for Social Entrepreneurship gathering in 2001, identified himself as "crazy" for doing what he did.

*The Power of Unreasonable People* offers a typology that illuminates what the broad range of social entrepreneurs share and don't share. The authors distinguish three categories of social entrepreneurs: those primarily dependent on philanthropic or government support; those fundamentally supported by market revenues (but who differ from normal for-profit leaders in their self-imposed trade-off of profit maximization for social value); and those working in hybrid organizations that blend market capital and social sources of capital. The authors profess themselves agnostic when it comes to which approach is best – although a hint of preference for the market approach comes across to this reader. Classifying, identifying, and distinguishing between these categories can play an important role in furthering the work of social entrepreneurs: It can remedy their current problem of spending so much time redefining the meaning of terms and arguing about whether each innovation is on or off the social enterprise bus.

The book generally succeeds in



walking a fine line between objectivity and celebration of social entrepreneurs. Nevertheless, social entrepreneurs' inspiring, against-all-odds work leads the authors to take an occasional dip into hagiography, which they temper by often reminding us of where things have failed, or at least not gone to the scale they should

have. But since this is a book about unreasonable people trying to do remarkable things – written by people who have devoted their lives to supporting the same ends – cheerleading and a sense of hopefulness serve as useful subtext.

Apart from the success of microfinance, achieving significant scale remains a daunting challenge for social entrepreneurs, particularly in the United States. The book discusses the problem, but not surprisingly, offers no simple solutions to this critical challenge. Efforts are now under way to achieve greater scaling, which will truly transform social entrepreneurship from an important but small force for change into one that tackles great social challenges such as poverty, inequity, and environmental degradation. Organizations such as New Profit Inc., the Skoll Foundation, and my own, Rubicon, through our National Social Innovations project, are committed to finding a path to profoundly greater-scaled organizations.

Let us all look forward to the Hartigan and Elkington sequel, which will celebrate the next generation of success that now only the unreasonable dare imagine.

*Rick Aubry has been president of Rubicon Programs since 1986. He teaches social entrepreneurship and innovation as a member of the Stanford Graduate School of Business faculty.*

## GRASSROOTS PHILANTHROPY: Field Notes of a Maverick Grantmaker

Bill Somerville with Fred Setterberg

129 Pages (Berkeley: Heyday Books, 2008)

Reviewed by Peter deCourcy Hero

In his provocative new book, Bill Somerville, a veteran San Francisco Bay Area foundation executive, has little good to say about what he calls the slow-moving, bureaucratic internal processes of large private foundations. He also offers a solution to this bureaucracy, outlining how to make foundation grantmaking more responsive, intuitive, and effective. He bases his wisdom on the successes of the foundation he currently runs, the Philanthropic Ventures Foundation (PVF). PVF, now 17 years old, functions much like a community foundation except that it focuses less on permanent endowment creation and more on helping its donors make highly responsive, modest, and local grants.

In the first two chapters, Somerville describes his own path into foundation work and explains why people give. He uses the next chapters to prove his central argument: that hands-on “investing” in outstanding nonprofit leaders, including offering them unrestricted gifts they can allocate however they see fit, lies at the core of effective giving. He gives advice on how to find and back effective local leaders, move quickly to seize opportunities, embrace risk, focus on solutions rather than problems, and initiate and fund new projects.

Somerville also repeatedly cautions that arrogance and isolation can develop in foundations that obsess about paper, evaluation, and research. These activities, he argues, may stifle creativity, delay response time, consume charitable resources, and prohibit staff from getting out into the community.

True enough that any foundation should consider these observations. Yet the book leaves on the table an array of questions that will surely spark debate, especially among program staff.

For one, most PVF grants have been small; timely and creative yes, but small. In one project, for instance, 98 grants went to 69 libraries at an average of \$468 each. Although these grants reportedly stimulated a wide array of diverse activities, Somerville doesn't say how long the activities lasted – leaving readers to wonder whether larger collaborative grants would have made a greater impact. Then again, is lasting impact even the point of such small grants?

The issue of scale may also undermine the book's assertion that one of the greatest services foundations could render would be to wade into the big, intractable national issues of universal health care, erosion of constitutional rights, and poverty. But simply employing a strategy of small, rifleshot grants may serve mainly to eclipse more important activities needed to solve these problems: advocacy, collaboration, and working on public policy for social change, all of which invariably require sustained and collaborative commitment.

A second issue raised by the book: whether, and how, good ideas and good leaders can regularly be leveraged to create long-term institutional solutions. One of PVF's most enduring legacies, for instance, has been the creation of a fully staffed health care center at a poorly funded school in Oakland. The project involved seven funders. Yet this grant appears atypical of other PVF grants, most of which served as modest cash injections for critical onetime fixes.

Somerville also raises the question of best evaluation practices. When it comes

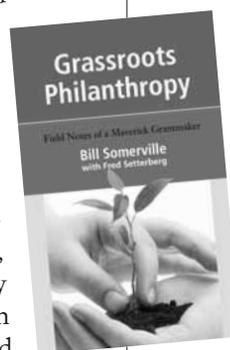
to who should get a grant, he emphasizes intuition – “my gut feelings played a key role in each grant,” he writes. He bases his post-project evaluation on intuition, too, though here he also polls his grantees. But in an era of impact measurement and of foundations demanding evidence of program effectiveness, this approach can be problematic.

Lastly, Somerville's readers will surely wonder whether a foundation staffer should play the role of (relatively) independent philanthropist. As the book makes clear, Somerville is a master of his art. His board and donors fully approve of his dual role, he reports, and the community nonprofits funded by PVF would surely join in the applause. But not all foundation staffers have his skills.

Of course, Somerville has not set out to debate alternative grantmaking methods. He means to passionately articulate a philosophy of giving, open insights into 30 years of successful leadership, and illuminate the simple ways to quickly give those most in need charitable dollars. And he does all that well.

Recent research by the Center on Philanthropy at Indiana University tells us that at most, 31 percent of all individual charitable giving in America goes to the poor and economically disadvantaged. Maybe the world could use a few more mavericks like Bill Somerville – people who devote their lives to finding good people with good ideas about how to create great communities.

*Peter deCourcy Hero is senior adviser to Silicon Valley Community Foundation, a regional foundation created by the merger of the Peninsula Community Foundation and Community Foundation Silicon Valley. He spent 18 years as president of Community Foundation Silicon Valley.*



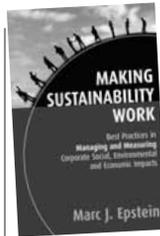
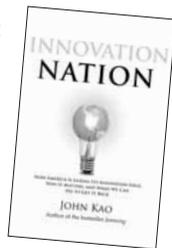
# notable books

## INNOVATION NATION: How America Is Losing Its Innovation Edge, Why It Matters, and What We Can Do to Get It Back

John Kao

(Free Press, 2007)

Innovation expert John Kao asserts that the United States has lost its innovation preeminence. He then calls on Americans to revisit their spunk after *Sputnik* 50 years ago and rally for an aggressive, government-led innovation strategy that includes creating 20 “innovation hubs” – regional, specialized research centers run by entrepreneurial leaders.



## MAKING SUSTAINABILITY WORK: Best Practices in Managing and Measuring Corporate Social, Environmental, and Economic Impacts

Marc J. Epstein

(Berrett-Koehler, 2008)

That companies should factor their social, environmental, and economic impacts into everyday management decisions is quickly becoming common wisdom. But how exactly to walk the talk? Epstein offers guidance on implementing sustainability initiatives. Subjects include creating budgets, engaging with stakeholders, and quantifying projects’ social and financial impacts.

## THE BLUE WAY: How to Profit by Investing in a Better World

Daniel de Faro Adamson & Joe Andrew

(Simon & Schuster, 2008)

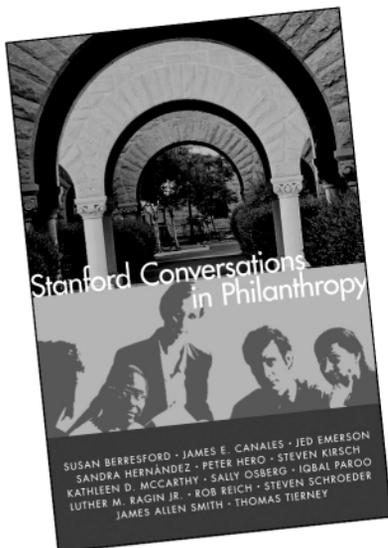
Being blue (vs. red) puts companies in the black, argue Adamson and Andrew. According to their research, the 80 S&P 500 companies that donated to Democratic candidates outperformed the 380 S&P 500 companies that donated to Republican candidates by 17.52 percent over the past five years. The blue companies’ secrets to success, say the authors, include efficient use of energy, a culture of innovation, and investment in employees’ well-being.



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