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15 minutes

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CEO of Ashoka

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How do you define a "social entrepreneur?"

The core is personality, a temperament that simply can't stop. Social entrepreneurs are not happy until their ideas have changed the whole society. That's very different from almost everyone else. Scholars and artists come to rest when they've expressed an idea. Managers, when they solve a problem for their company, complete their goal. If a professional is able to serve a client, that is satisfying. None of that satisfies a social entrepreneur. The entrepreneur simply knows in a very deep way that, "I have got to change the whole society." People with this temperament are looking for the idea that's important enough, new enough, and ripe enough. When they find it, they will persist because they cannot rest until they have gone all the way and seen the idea change society.

In 100 years, when historians are writing the history of social entrepreneurship, what will they point to?

You'd certainly look at numbers. Brazil went from 5,000 citizen groups in 1980 to over a million in 2000. When we went into Indonesia there was one environmental group; 15 years later, we could count over 2,000. In Slovakia, when the Berlin Wall came down in 1989, there were 11 groups. Ten years later, there were 10,200. Since 1960, the social sector employment in Germany has grown by 380 percent. In contrast, business has since lost 2 percent and government employment doubled, but flattened after the mid-70s.

Do you think social entrepreneurship favors any one sociopolitical philosophy, or is it neutral and agnostic?

Social entrepreneurship is profoundly democratic. I don't think it's neutral. It's highly upsetting to traditional authoritarian structure.

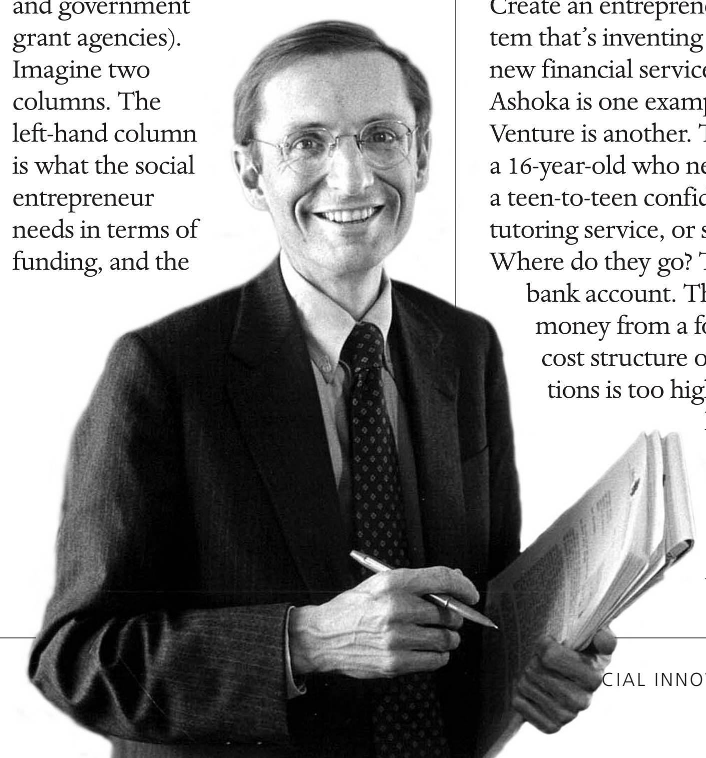
Do you believe that the lack of support mechanisms, including the immaturity of social capital markets, inhibits the emergence and scaling opportunities for social entrepreneurs?

There's a structural dysfunction between social entrepreneurs and their funders (including foundations and government grant agencies). Imagine two columns. The left-hand column is what the social entrepreneur needs in terms of funding, and the right-hand column is what the foundation or government grant agency is set up to provide. If you are a leading social entrepreneur, the first thing you want in your investor is someone who is open to new ideas. But government agencies have statutory mandates and programs, and foundations have strategies, and both are organizationally set up to make it difficult for you to invest outside their stovepipes.

Also, if you are a pattern-changing entrepreneur, your "answer" is almost certainly going to cut across the existing disciplinary and organizational frameworks. Yet it is almost impossible for a government grant agency or foundation to deal with that approach internally or structurally. Generally, foundation and government resources do not flow to the new institutions.

What's the solution for getting financial resources to new institutions?

Our classic solution is to find and support the entrepreneurs who don't have *an* answer, but *many* answers. Create an entrepreneurial support system that's inventing a whole set of new financial services institutions. Ashoka is one example of this. Youth Venture is another. Take, for instance, a 16-year-old who needs $800 to start a teen-to-teen confidential hotline, tutoring service, or sports program. Where do they go? They can't open a bank account. They can't get money from a foundation. The cost structure of these institutions is too high to deal with that level. Youth Venture helps teens that seek to make a difference, but would be stymied



PHOTOGRAPH COURTESY OF ASHOKA, INC.

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by traditional channels.

Ashoka started a U.S. fellowship program recently. Why has Ashoka decided to invest in the United States when there already are many foundations and private donors who fund social entrepreneurs here, and Ashoka is the only organization that social entrepreneurs in the developing countries can look to for seed funding?

Social entrepreneurship needs to be the first worldwide operationally integrated profession. The problems we face increasingly are at least in part global, and the answers are more so. Moreover, social entrepreneurship is best served when the best ideas and entrepreneurs from wherever they are in the world routinely think and act together. Helping our field achieve this enormously powerful global integration has been a core Ashoka objective from its inception. Inertia favors national and other divisions. We hope we can help tip the balance. Consequently, Ashoka has from the start always been committed to building a strongly integrated global community backed by strong global institutions. We started in the developing world because the need and opportunity there was especially great – and the costs relatively low. A South Asian fellow costs far less than a Colombian peer, let alone an American one. However, U.S. fellows are among the world's highest and longest yielding investments.

Moreover, Ashoka is not a "funder." When a social entrepreneur is in the startup years, an Ashoka stipend is often essential if the entrepreneur is to have the freedom to work full time on his or her idea. But we give stipends only for the first few years of our usually decades-long partnerships. Ashoka will only start its program in a developed country if our program in that country has advanced funding for five years. By the end of those five years, we believe the program and its fellows will have built a strong enough track record and reputation.

Far more important than stipends is the career-long community of leading social entrepreneurs, both local and worldwide, that Ashoka is building – networks that our fellows can tap into. These men and women are ideal operating partners for one another. Ashoka provides frameworks and supports that encourage all these levels of collaboration, community, and fellowship.

Ashoka's fellows in the United States are significantly more expensive to fund than those fellows from developing countries. Is this diverting focus and funds away from social entrepreneurs in developing countries?

Might a U.S. program cannibalize funding sources? Might a revenue shortfall in North America cause Ashoka to cut back in the developing world? Both are real concerns, concerns that Ashoka has tried to address.

What do you think the next 20 years will bring for Ashoka?

Right now, we have a five-year window to expand Ashoka, which is a huge challenge for us and everyone else in the field, in the four major strategic areas in the world: Brazil-centered South America; Mexico, the United States, and Canada; Europe; and India, Nepal, Bangladesh, Thailand, and Sri Lanka. In these four areas, you have over 85 percent of the modern competitive entrepreneurial citizen sector activity. In each of these geographic areas, there are more than a million citizen groups. Many of these groups are sophisticated and highly competitive second- or third-generation groups who tie together and drive entrepreneurial activity. The inertial force of business and the social sector being on a "division course" is very high. The two sides don't like one another; they don't talk the same language. There's every reason it will continue going down that highly dysfunctional path. We have 14 business-social bridge programs, and in my mind, they're like throwing grappling irons from ship to ship. If we can get a high volume of information going across those lines, we may be able to nudge the ships on to a merger course – an incredibly good thing.

You have said that the first stage of the social entrepreneur's professional life is apprenticeship. Did you have one or two apprenticeships that you think were most formative in your own development?

The most important were the newspapers I founded in elementary school. It started off with a typewritten and carbon copy newspaper in third grade. By fifth grade, I was starting to do a paper that served a number of different schools. Imagine 60 piles of mimeograph paper stacked all around every piece of furniture in the house, and staple machines and tape to cover the binding. This was really quite magical. The sooner you have such an entrepreneurial experience, the sooner you get on a path where you know how to cause change and how to lead and build organizations.

Bill Drayton is CEO, chair, and founder of Ashoka, a nonprofit that provides fellowships to social entrepreneurs. Drayton piloted Ashoka in India in 1982 with a budget of less than $50,000. Since then, the organization has funded more than 1,400 fellows in 48 countries; it spends more than $7 million a year financing its fellows. He previously served as assistant administrator at the U.S. Environmental Protection Agency, and has taught both law and management at Stanford Law School and Harvard's Kennedy School of Government. This interview was conducted by Bill Meehan, a member of the Stanford Social Innovation Review advisory board and a director at McKinsey and Company, a global management consulting firm.