

Stanford SOCIAL INNOVATION^{Review}

Supplement
Change Is Worth the Risk
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Change Is Worth the Risk

To use risk as an instrument for progress, funders need to see it as a means for continuous learning.

BY MAURICIO MILLER

Martha, a mother of three in Boston, was on welfare, which meant that her special needs child, Ruben, was eligible for a subsidized assisted care program. She wanted to get off welfare and was able to secure employment. When her income went up, however, she discovered that her income was above the eligible threshold for assisted care, so Ruben was immediately dropped from the program. The problem? Even with her new job, Martha didn't earn enough to enroll Ruben in a comparable private program. So her choices were stark: She could either quit her job and get back on welfare so that her son could continue in the program (where he had been thriving) or find another way to build a future for her family that didn't include welfare—or Ruben's program.

These sorts of complicated, personal, painful situations arise every day for people utilizing safety net programs. After more than 50 years of "the war on poverty," the most we can claim in terms of victory is that we have made poverty "tolerable" for a portion of the population—for parents who qualify for public housing or whose children qualify for a Head Start program (or, as in Ruben's case, a much-needed specialized care program). But even for those who can access these benefits, living in "tolerable poverty" was never the goal. How could it be?

It's true that many existing efforts to address poverty are looking to expand their scope and reach. Food pantries and homeless programs are looking to add workforce training services; housing programs are encouraging long-term residents to become upwardly mobile; and schools are trying to encourage more parents from low-income families to get more involved in their children's education. These new efforts will inherently involve some level of risk in the hopes of greater impact; nonetheless, their leaders forge ahead.

Yet, afraid to lose funding, many more social sector service programs try to avoid risk by making only small adjustments to exist-

ing approaches. Current economic development and workforce training programs are tweaking agendas and processes that were implemented as far back as the 1970s. Bigger changes are needed, and to support them, risk needs to become an integral part of the model for change.

Our sector's affinity for innovation and social entrepreneurs reflects a system-wide recognition of the need for change. However, when ideas are novel, we tend to back away. We need to be able to offer a greater tolerance and even an *appetite* for risk so that we can learn from the lessons that trial and error provide.

Using Risk as an Instrument for Improvement

To use risk as an instrument for progress, it needs to be seen as a means for continuous learning—the most promising path to developing effective solutions. For too long, the social sector has relied on longitudinal evaluations and control group studies. For example, often a program is designed, sold to a funder, and strictly implemented for a number of years; and then an evaluation firm is brought in to assess the success or failure. Risk is thus minimized (at least in theory). But improvement and the chance for real innovative breakthroughs are also minimized.

Private businesses would not survive this way. The most successful businesses use data gathering and analytics technologies to assess their work continuously, so that they can make ongoing adjustments as needed to improve. Those businesses, whether they're giants, like Amazon, or lean startups, are structured to adjust their products or their marketing according to what they are learning. Most nonprofit and government initiatives are not set up to do that kind of sophisticated, ongoing evaluation for the purpose of mid-implementation adjustments. But that can change.

We have the ability to get continuous feedback on progress—or failure—as an initiative or program is rolled out, and it doesn't have to be an expensive prospect. My project, the Family Independence Initiative (FII),

has an online data collection and social networking system that others can plug into for nominal fees. For those enrolled in the dozen cities working with FII, we get monthly feedback from families about what steps they are taking to improve their own lives. We identify and make available a range of benefits or resources *based on that information*, and we track the progress—or faults—of what we're doing, and make adjustments as we learn more. Technology now makes it possible to gather the data, do the analysis, and quickly adjust our tactics to ensure that we're serving the people we work with as effectively as possible.

For instance, in working with low-income, micro-business owners, FII found that those seeking to expand their businesses were more interested in acquiring resources for medical care, childcare, or paid family time for themselves and their employees than in seeking funds to put directly into their core business operations. We learned that for entrepreneurs who are not privileged, ensuring that their family and the families of their employees are secure, healthy, and stable is the priority in their business development. Few programs that are meant to catalyze entrepreneurship in underserved communities address this need at all and are therefore ill-equipped to provide sufficient support. Our lesson has been to provide more flexibility on how families utilize funds we provide. But we also know that a tremendous amount of learning is still needed.

Risk is often perceived as a negative in program implementation, especially when resources are constrained and there seems to be little room for error. However, to make real progress in the war on poverty, or any other area of social impact, some level of risk not only is a necessity but also can be an asset. Certainly, there may occasionally be a novel approach that doesn't result in the desired outcome, but those ventures yield sector-wide learning and improvement if the right information about them is gathered, analyzed, and shared. More critically, for every risk that doesn't pay off, there are interventions that are successful—and often on a larger scale than programs that advance through incremental change. Funders must drive the promotion of a risk-tolerant environment so that service agencies testing new models are able to make real, sustainable progress.

Without taking risks, poverty will be tolerable, not escapable. It's time we bet big. ◀

Mauricio Miller is the founder and president of the Family Independence Initiative.