

StanfordSOCIAL INNOVATION^{REVIEW}

Sponsored Supplement to *SSIR*
Perspectives on the Social Innovation Fund
An interview with Carla Javits

Stanford Social Innovation Review
Spring 2014

Copyright © 2014 by Leland Stanford Jr. University
All Rights Reserved

Perspectives on the Social Innovation Fund

A conversation with **Carla Javits**, president and CEO of REDF

Carla Javits is president and CEO of REDF, a California-based non-profit and venture philanthropy organization with more than 15 years of experience. As a grant-making intermediary with the Social Innovation Fund (SIF), REDF has been creating jobs throughout California for people facing the greatest barriers to work. They do so by investing capital and business expertise in social enterprises, businesses with a “double bottom line,” that make money in order to employ people.

Why did REDF participate in the SIF?

REDF takes a market-oriented approach to job creation and workforce development for people who are willing and able to work, but who have the hardest time finding and keeping a job. We applied to be a SIF intermediary because REDF was eager to join a national learning community that would allow us to develop and engage the ecosystem of government, nonprofits, philanthropy, and business needed to expand social enterprise, and to learn from and inform them about the power of this model.

The SIF builds support and visibility for what works. It seeks to direct more public money toward proven and promising solutions that improve people's lives and their communities. It emphasizes evaluation and assessment of results to drive change.

By working with the SIF, we are demonstrating the value of establishing and growing social enterprises to create more jobs. This approach offers people a chance to work in a supportive environment—which has been demonstrated time and again to be the most critical factor in getting people attached to the job market. It is also a sustainable approach that contributes to the economy and generates revenue. To date, the 50 social enterprises REDF has supported have generated more than \$140 million in revenue, allowing them to expand their operations and hire more people.

What does the government get out of working with intermediaries like REDF that it wouldn't get by making these investments on its own?

REDF delivers expertise and a deep understanding of the social enterprise model on the ground. We are experienced at due diligence to identify the organizations and business models that are likely to work best. We know how to combine grantmaking and business assistance in order to help these enterprises grow.

Because of our practical experience and contact with the communities in which these enterprises operate, we deliver support and financial resources efficiently. In part we can do this because we are flexible and less constrained by governmental limitations. One of the greatest values of the SIF is to offer a window into how government can work more effectively with private sector intermediaries to deliver public services.

The partnership with government is critical. Not only does it provide these organizations with the support to grow and employ more people, it creates national visibility for the social enterprise model and offers government a new way to work with the private sector to integrate more people into the workforce.

How important is it for the federal government to invest in growing the impact of solutions like those that REDF is investing in?

It would be hard to find an area of government that's not affected by the fact that large numbers of people in our society have no chance to get into the workforce. This affects tax receipts, entitlement programs, prisons, home-

lessness, education, and more. It is in the government's interest to provide the incentives and the capital to help build social enterprises.

For example, that could mean setting targets for the purchase of goods and services from these types of businesses, or tax and other incentives related to “supplier diversity,” and hiring of people from targeted populations.

What does it take to build a good working relationship between a private grantmaker and government?

It isn't easy to navigate the rules of the federal government. It is helpful when there is clarity and two-way communication about those rules up front. Also, the government needs to offer grantmakers some flexibility in what they fund and how they fund.

As a grantmaker, you need to work with people in government who understand that

their role is not just to enforce regulations, but to be entrepreneurial about making things work. This has been the ethos of the SIF staff.

The SIF has made a positive contribution by putting the focus on two priorities: using grantmaking intermediaries to do the work of identifying, supporting, and developing evidence about the effectiveness

of successful activities; and keeping the focus on community solutions by helping to improve and scale up promising initiatives at the local level.

On the other hand, government should not view intermediaries and private-sector funders as a way to outsource the costs of government. I think some people see this as a way to get others besides government to be the long-term backbone of support for these programs. But what it's really about—or should be—is ensuring efficient use of public *and* private resources aligned with the objectives and resources of each. The bottom line is delivery of the greatest possible value and return on taxpayer and private investments. ✨

