

# Leading Social Innovation

Innovation is capturing the imagination of many of us who seek a better path for solving social problems—whether our perspective is from private enterprise, government, or civil society. While creative, passionate individuals from all sectors have always designed new approaches to help meet our toughest challenges, the difference today is that legacy organizations and government are coming to understand the promise of social innovation. Foundations, nonprofits, and community leaders are increasingly incorporating the signature performance-driven strategies, cutting-edge approaches, and citizen-empowering philosophies of social innovation into their work.

Some governments impede the process while others open their arms to social innovators. The Obama administration is addressing this issue with a White House office to promote social innovation and a \$50 million fund to help leverage the most promising efforts.

Even as the social entrepreneurship movement makes strides forward, the ultimate success of any single innovation faces the stark reality that no real market exists for promoting the growth of these innovations—which instead depend for scale more on a political economy than a market one.

Government shapes disruptive innovation as it dominates funding in most areas of social policy. Given the inherently political nature of public expenditures and a culture that rewards compliance while often ignoring the voices of clients, programs and policies that offer no evidence of success still remain funded year after year. Incumbent providers, confident of their intentions, naturally seek to protect their stake, while government bureaucracies protect these webs of invested

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*Some of the information and ideas in this article were originally published in The Power of Social Innovation: How Civic Entrepreneurs Ignite Community Networks for Good by Stephen Goldsmith, with Gigi Georges and Tim Glynn Burke (Jossey-Bass, 2010).*

interests in a variety of ways. They put up roadblocks in the form of rigid rules, overly prescriptive processes, and anti-competitive practices that keep innovative problem-solvers from breaking through and supplying better alternatives. Moreover, government sees its role as offering dependable responses that avoid risk. This view creates a culture that represses change and decreases the public's acceptance of any innovation that might end up with less than perfect results.

With most social spending dependent on government, nonprofit innovators continuously strive to attract public resources, whether by causing new spending or repurposing existing funding. Faced with this quandary, social innovators have three choices: they can throw up their hands (decidedly not in their nature); they can continue to try to break down the system from the outside (the equivalent of storming the castle with slingshots); or they can seek to change the system by structuring creative relationships with government.

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## How can an elected or appointed public official act as a civic entrepreneur in a way that unlocks transformative public value?

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In this paper we focus on a similar question asked from another perspective—how can an elected or appointed public official act as a civic entrepreneur in a way that unlocks transformative public value? We look for answers in New York City, where Mayor Michael Bloomberg and School Chancellor Joel Klein generated space for reform in two bold ways—the creation of an innovation fund and the “open sourcing” of innovation, inviting social entrepreneurs to play an important role inside government structures.

Bloomberg has brought exciting change to New York City governance by celebrating and rewarding social innovation. He provides a leading example of what we call civic entrepreneurship, in which a leader from any sector sparks innovation and social progress. Civic entrepreneurship incorporates, but is not limited to, the traditional understanding of social entrepreneurship as nonprofit or for-profit endeavors with a social mission. It also includes those who enable and champion progress by providing the necessary fodder for innovation and change, regardless of the sector they represent. To us civic entrepreneurship represents both the spirit of change and the spirit of community. The Bloomberg administration's game-changing approaches have unleashed opportunities for social innovation that in turn provide hope to struggling residents.

We see the mayor's innovation agenda tangibly in the creation of the Center of Economic Opportunity (CEO), which he funded with \$200 million in public and private venture capital. The CEO innovation fund, designed to leverage new ideas, served as a model for the President's Social Innovation Fund. We also see the city's

innovation agenda in how its independent-thinking school chancellor, Joel Klein, has pursued provocative approaches to system-wide school reform.

When he took office in 2002, Bloomberg inherited a struggling school system, with only 50 percent of fourth graders and 30 percent of eighth graders meeting the state's standards in math and reading. Graduation rates hovered at roughly 50 percent, with many high schools posting rates as low as 20 percent. The achievement gap between white students and African American and Latino students seemed intractably wide.

Early on, Bloomberg made education reform a top priority, aggressively securing direct control over the city schools and turning to an unlikely choice to lead the effort. Klein, a business executive and former U.S. deputy attorney general best known for spearheading a high-profile antitrust case against Microsoft, had no educational management experience, but he embraced the challenge with zeal. In this article, we choose not

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to examine Klein's pedagogical choices but to focus on his example of partnering government and civic entrepreneurs to help drive systemic change. These efforts used the resources of government to push a new culture of innovation often found in the private sector. Klein has followed Bloomberg's lead and recruited advisers predisposed to take risks and innovate, many of whom came from the top levels of fields outside education, from Caroline Kennedy to Jack Welch.

Collaboration between the private and public sectors is not new, of course. Relying on the charitable sector as a funder of pilot programs—opening some space to test new or politically risky interventions—has been common practice for some time. What makes Klein's approach unique and instructive, ultimately, is his deliberately seeking out partnerships with nonprofit, foundation, and private-sector supporters at every stage: designing, testing, implementing, and then growing core innovations across the system.

We examine four key aspects of Klein's approach, which intentionally uses both internal and external levers: partnering with private-sector entrepreneurs to widen choice and improve quality; outsourcing enthusiasm and a culture of higher expectations; disrupting traditional school management by developing new

routes for advancement; and granting managers the authority and autonomy to innovate.

First, with the help of major foundations, Klein partnered with creative nonprofits to widen school choice by introducing more small and charter schools. He aggressively worked to open 333 new public schools and more than 80 charter schools between 2002 and 2009. These new schools, most often created by breaking down large high schools into smaller “schools within schools,” used Bill & Melinda Gates Foundation, Carnegie Foundation, and Open Society Institute funding, with local nonprofit New Visions for Public Schools as the key school developer. New Visions served as an incubator for community-based partnerships before stepping away to let the Department of Education (DOE) oversee the schools.

All told, New Visions created 96 small schools, with a maximum of five hundred students each, with \$70 million in outside funding. The schools’ core elements include strong leadership that supports effective instruction; a shared mission; high expectations of students; qualified teachers; clear accountability; and a rigorous, standards-based curriculum. By teaming up with intermediaries, the school system has gained capacity, necessary political relationships, and the room to innovate through trusted third parties.<sup>1</sup>

As time passes, analysts will be better able to judge the overall effectiveness of New York City’s major plunge into small schools. A New Visions study conducted in year five showed a 78.5 percent on-time graduation rate for the class of 2006, compared with a citywide rate of 60 percent, and an 85 percent average attendance rate for the 2005–2006 school year.<sup>2</sup> In 2008, New Visions schools posted graduation percentages in the low- to mid-70th percentile range.<sup>3</sup> While Bill Gates declared his small schools work a disappointment in November 2008, he singled out New York City as a key exception to this general indictment.

Klein also set out to allow more discretion, albeit attached to performance, by providing school leaders—the principals—with the advice and budget authority necessary to create new approaches to all key aspects of the schools’ educational and operational decisions. Because these advisory services could not legally be hired to manage schools, the DOE referred to them as “school support” organizations and aggressively marketed the concept as a way for schools to finally free themselves from the system’s bureaucracy and build a tailored approach for achieving results.

Klein’s second strategy essentially amounted to bringing in social entrepreneurs who could manufacture enthusiasm and a culture of higher expectations.

Since its 1988 inception in Boston, City Year has spread to 18 localities across the country and earned a national reputation. It places young people age 17 to 24 in full-time service as tutors, mentors, and role models to disadvantaged children for a year. In 2005, City Year New York’s then advisory board co-chair, Jack Lew, and executive director Itai Dinour saw an opportunity for their brand of innovation inside the school system. Chancellor Klein had seen City Year members in action in their trademark red jackets, and he liked what he saw. He decided he

would purchase their enthusiasm—he guessed that that much eagerness and passion injected into a struggling school on a daily basis would ignite a broad change in attitude. So the two sides entered a five-year, \$8.5 million arrangement in which five hundred City Year corps members would provide in-school mentoring and literacy work in schools in the most under-resourced communities.

By 2011, City Year will be operating in 20 New York City elementary schools. Lew notes that in this relationship, the corps members act as positive role models as they engage students in afterschool activities, tutoring, student government, and service projects. Lew maintains that these mentors are “in some ways so much more important than any specific project they undertake. You’re going into a community where there hasn’t been that kind of a positive role model. You go into these schools and see these eight-, nine-, ten-, eleven-, twelve-year-olds hanging on to the kids in the red jackets, and it’s great.”<sup>4</sup>

To date, four in five City Year partner schools have been outperforming their “peer” schools, and 71 percent of the schools have had continuous improvement year after year. In one school, City Year members were working closely with 57 third and fourth graders who were below grade level in reading. By the end of the school year, all had increased their reading fluency beyond their grade level.<sup>5</sup>

Of course structural reform and new actors alone cannot produce results without capable and creative school leadership equipped with flexibility. This third element of change then involved placing “a great leader in every school.” Klein recognized that rigid internal systems often squeeze out innovators, and in response he developed an alternative approach to recruiting and training principals that was shaped in part by General Electric’s Crotonville center model and in part by the model created by entrepreneur Jon Schnur. Schnur’s New Leaders for New Schools (NLNS) recruits, trains, and places high-quality principals inside public schools to drive change. New Leaders, which won the sought-after Innovations in American Government Award given by Harvard’s Kennedy School of Government in 2009, derives its success from training and supporting talented leaders from outside traditional school administration pipelines.

Plagued by an outdated and bureaucratic system for choosing principals, Klein created the nonprofit Principal Leadership Academy with \$80 million in private funds. Designed as an alternative vehicle for the recruitment, training, and placement of principals, the academy has graduated hundreds of recruits since its inception in 2003, making up approximately 16 percent of New York City’s total school leadership. In 2008, the academy shifted to majority public funding and governance.

With better merit-based selection of leaders and outside advice, Klein had set the stage to shift greater decision making to principals. As he notes, “Leadership and empowerment to me are interrelated. You want to attract good people, and you want to empower them to do the work.”<sup>6</sup> Klein gave principals somewhat more control over teacher selection, marking a major shift from rigid, seniority-based hiring to a more open-market system in which principals can seek out and hire

teachers. He also sought to devolve as much money and programmatic decision making to the schools and principals as the system would allow.

This devolution effort brought with it a pilot program in 2004, in which 29 schools earned significant autonomy by promising to meet prescribed academic targets. Klein saw the early signs of progress and increased the program's scale, decentralizing the system to its 1,500 principals. This reorganization removed layers of bureaucracy and converted the role of the central office to one of supporting, monitoring and enforcing school-level decision-makers.

Seven and one-half years after Bloomberg and Klein began their reforms, a number of key indicators show strong trends. Four-year graduation rates have risen every year to an unprecedented high of 60.7 percent in 2008. State standardized test results, released in June 2009 for students in grades three through eight, showed significant gains over the preceding three years. Of these metrics, Klein says, "The thing I am most excited about is this: for the first time in elementary math, our schools are comparable to the rest of the state. They were 25 points behind. Now they're 2 or 3 points behind. This is really a big story—that fundamentally, on the same test, at every level, we are basically matching the rest of this state."<sup>7</sup>

So what are some lessons to be taken from Klein's and Bloomberg's approaches?

## COMMUNITY VOICE

Teachers union president Randi Weingarten at times has been a leading reform voice and strong partner in new approaches, and at other times she has led significant fights against Klein's policy and management methods.<sup>8</sup> But perhaps the most consistently vocal critic has been education historian Diane Ravitch, who has criticized Klein's pedagogical choices and heavy attention to standardized testing—in fact, she has decried nearly every aspect of his work.

Ravitch suggests that Klein's approach is too authoritarian and complains about the very assets upon which New York has predicated change—the congruence of mayoral and chancellor authority.<sup>9</sup> In this last criticism, echoed by a number of elected and community-based representatives in New York, lies an important balancing lesson for Klein and other public- and private-sector innovators. The tension between strong leadership for bold change and extended community negotiations is real, and although it can be mitigated by seeking community feedback and increasing transparency throughout the system, it cannot be eliminated.

The most successful civic entrepreneurs will continue to adhere to a strong vision while "keeping their ears to the ground." This means devoting time, energy, and resources to sorting out the many voices in the political system; understanding which of these accurately reflects the needs and desires of its core constituents; and seeking to address legitimate concerns in ways that will enhance the singular goal of educating the system's students more effectively.

## OUTSOURCE OR INSOURCE?

The Principal Leadership Academy poses an interesting and unresolved question about whether public leaders should work with a successful national entrepreneur like Schnur or copy the model themselves, as New York City schools ultimately did. The first independent analysis of the program, released in August 2009, provides key evidence that New York's "in-house" version is working. The study found that elementary and middle schools led by Leadership Academy principals made better gains in English language arts than schools with new principals who were not Leadership Academy graduates; gains in math were comparable.<sup>10</sup> Whatever the Leadership Academy's ultimate track record, there is no doubt that Klein was able to use it not only as a recruiting and training device but as a way to disrupt the entrenched, seniority-driven process of choosing principals.

Interestingly, the Washington, D.C., schools chancellor—and Klein protégé—Michelle Rhee has taken a different approach than Klein did with the Leadership Academy.

Rhee also brought in organizations led by social entrepreneurs, such as New Leaders for New Schools (NLNS). But because NLNS and Rhee are like-minded in their philosophy and approach, she found it likely that these recruits would share her view of the role and responsibilities of a school principal. Once she had built this partnership, she says, "a very significant percentage of our new principal candidates came through New Leaders. I'm glad to have them do it—it's their core competency. Why would I ever want to touch that?"<sup>11</sup>

## BALANCING ACCOUNTABILITY AND FLEXIBILITY

Klein came to view moving from a single bureaucratic school system to a system of individual schools as essential to success. While moving to the school-support organizational structure described above, which seeks to devolve maximum authority to the school level, Klein kept tight control over accountability, knowledge management, and hiring of principals. Essentially he "wanted to hold tight to a couple of very core things and then let the rest flow to the schools."<sup>12</sup> It's worth noting that Klein introduced a number of new system-wide accountability tools, including school progress reports, quality reviews from outside education experts, and a vast data-management system that allows teachers and principals to track and manage student data and gives parents access to detailed information about their child's academic performance.

Innovative efforts are best made at the school level, where decision-making is closest to the students, the community is (or should be) accurately represented by parents, and teachers and administrators are directly connected to a particular school. Even at the school level, however, this does not mean ceding ultimate directional and decision-making authority to parents. It does mean making every effort to establish a culture built on mutual respect, collegiality, and accountability in the pursuit of better results.

## THE IMPORTANCE OF EXECUTIVE LEADERSHIP

For 20 years, New York City has been led by strong individuals willing to take bold risks in quite different ways. The antecedents of Bloomberg's approach can be found in the ways Rudy Giuliani and former police commissioner Bill Bratton dramatically improved safety in New York City in the 1990s. Rejecting old approaches, they took a new theory called "broken windows" and combined it with CompStat, a data-driven management accountability approach. These keys—a dramatic idea, leadership, data, and accountability—remain at the core of most transformative community change, regardless of the area, and offer concrete pillars upon which any innovator seeking meaningful systemic change can build.

The Bloomberg administration not only built on past efforts but broadened them by celebrating and rewarding civic entrepreneurship, causing it to sprout across government agencies from education to housing to human services. Game-changing approaches by city hall can unleash opportunities for social innovation, which in turn provides hope to struggling residents. Indeed, in two terms as mayor of New York City, Michael Bloomberg has demonstrated how, with the right attitude and leadership, even the most complex city can challenge dominant thinking and inject social innovation to produce change.

Klein faced opposition from strong political interests, including labor, organized parent groups, and elected city and state officials, as well as from the school system's own bureaucracy. He credits the mayor with giving him the support he needed to get things done: "I knew that the mayor would have my back. I also knew I'd have to make some compromises in the process. I believed from the beginning that it was doable because of the mayor."<sup>13</sup>

## CITIZENS AS AN INTEGRAL PART OF THE SOLUTION

Leveraging the credibility of an elected official is an important strategy for civic entrepreneurs; however, the authority and mandate for change must also come from the ground up. Giving citizens a greater voice in community problem-solving is one step, but equally important is viewing them as part of the solution—whether to their individual progress or their community's progress. Bringing on private partners is one approach; another is to increase expectations for individual potential and for the responsibility that students, and their parents, take in their education.

New York did change its approach and required more from its students. Bringing City Year in to help increase enthusiasm among students, for example, acknowledged that individuals in struggling communities need more than resources to help them overcome the effects of poverty. They need the confidence, and role models that inspire the hope, that the future looks brighter. Bloomberg and Klein also issue annual Learning Environment Surveys to parents, teachers, and students across the system that are designed to draw a wide range of qualitative feedback on how schools are meeting core constituencies' needs. Completed by

close to 850,000 people in 2009, their reach is wide, pulling in feedback from one in ten New Yorkers.<sup>14</sup> Bloomberg and Klein introduced a school-based parent coordinator role in 2003, which provides a full-time position at each school dedicated to parent outreach and response.

Bloomberg's and Klein's reform efforts can build on these tools to engage the community and individual citizens more deeply. The most promising strategies we have seen in our research include building capacity for self-organization and citizens' role in problem-solving; helping develop exceptional community-based providers; and mobilizing citizens to create the public demand and political capital necessary for innovation and reform.

As New York City's school results continue to unfold with an inevitable back-and-forth over education policies, one thing remains certain: in nearly every facet of the city's educational work, entrepreneurialism is alive and well—and worthy of close review. By deliberately seeking ways to promote choice and competition, and by engaging in public-private partnerships to provide more and better services to the schools, Bloomberg and Klein have removed barriers to entry, broken out of the old monolithic bureaucracy, and brought about cultural change that reaches beyond the central office and into the city's 1,500 schools. The schools have benefited from the talent, energy, and expertise of outside entrepreneurs and results-oriented service providers. In turn, these organizations have provided new opportunities for those inside the system to innovate and implement new initiatives—and to do so in arguably the most complex and challenging school system in the nation.

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1. Garth Harries, interview with Gigi Georges, New York, August 21, 2008.
  2. New Visions for Public Schools, "Reforming High Schools: Lessons from the New Century High Schools Initiative 2001–2006," New Visions for Public Schools, 2007.
  3. Data compiled by New Visions for Public Schools from New York City Department of Education website, provided by Robert Hughes via e-mail to Gigi Georges, July 6, 2009.
  4. Jacob Lew, interview with Gigi Georges, New York, August 12, 2008.
  5. Email correspondence between Gigi Georges and Itai Dinour, March 31, 2010.
  6. Joel Klein, interview with Stephen Goldsmith and Gigi Georges, New York, June 8, 2009.
  7. Joel Klein, interview with Stephen Goldsmith and Gigi Georges, New York, June 8, 2009.
  8. Weingarten has been a partner with Klein in some groundbreaking initiatives, including school-wide performance pay for teachers.
  9. Diane Ravitch, testimony at hearings of New York State Assembly Committee on Education, New York University, February 6, 2009.
  10. S. P. Corcoran, W. E. Schwartz, and M. Weinstein, "The New York City Aspiring Principals Program: A School-Level Evaluation," New York University Institute of Education and Social Policy. Available at <http://steinhardt.nyu.edu/scmsAdmin/uploads/003/852/APP.pdf>; accessed September 13, 2009.
  11. Michelle Rhee, interview with Gigi Georges and Stephen Goldsmith, Miami, February 25, 2009.
  12. Joel Klein, interview with Stephen Goldsmith and Gigi Georges, New York, June 8, 2009.
  13. Joel Klein, interview with Stephen Goldsmith and Gigi Georges, New York, June 8, 2009.
  14. New York City Department of Education, "NYC School Survey." Available at <http://schools.nyc.gov/Accountability/SchoolReports/Surveys/default.htm>; accessed April 5, 2010.