

*Christopher Gergen and David Gergen,
with Amanda Antico-Majkowski*

Sparks of Hope in a Dark Night

How Social Entrepreneurs Can Help Renew the Republic

*Innovations Case Commentary:
The Idea Village*

At a time of darkening troubles for the United States, it has become increasingly clear in recent months that one of the brightest hopes for the country is to build upon a historic strength: its spirit of innovation.

From Benjamin Franklin to Thomas Edison, Eli Whitney to Henry Ford, Mark Zuckerberg to Oprah Winfrey, Americans have dazzled the world with their creative powers. The U.S. often sends its scholars to Japan and China to understand why their students are so good at memorizing and mastering fields of study, but they send their scholars here to understand why U.S. students are so imaginative. Over the past five years, Americans have won 30 Nobel prizes in science and economics, while the Chinese—with a population four times as large—have been awarded one. There are dangerous signs that the U.S. is slipping, but still, there is something in the nation’s DNA that is reassuring. “The American, by nature, is

Christopher Gergen is the Founding Executive Director of Bull City Forward and Director of the Entrepreneurial Leadership Initiative within the Hart Leadership Program at Duke University. He is also the Co-Author of Life Entrepreneurs: Ordinary People Creating Extraordinary Lives (Jossey-Bass), and is the current Innovator in Residence with the Center for Creative Leadership.

David Gergen is a Professor of Public Service and Director of the Center for Public Leadership at Harvard’s Kennedy School of Government, where he also oversees a program on social innovation. He is a monthly columnist for Parade Magazine, a past White House adviser to four presidents, a board member for several social enterprises, and a senior political analyst for CNN.

Amanda Antico-Majkowski is a Consultant and Educator in Washington, D.C. For her doctoral work, which focused on the intersection of social entrepreneurship and community economic development, she studied The Idea Village in New Orleans and Rising Tide Capital in Jersey City, New Jersey.

optimistic,” President Kennedy once said. “He is experimental, an inventor and a builder who builds best when called upon to build greatly.”

Now, that spark of creativity holds a key to bringing both economic and social change to the country again. It is blindingly obvious that we can no longer try to spend our way to prosperity. Nor can we borrow our way. As economic historians tell us, our debts have already brought us perilously close to the edge. So, we must innovate our way upward.

Fortunately, we can see sparks of entrepreneurship lighting up all over the country in both the private and civic sectors. Pioneers who are building social enterprises are serving as magnets for hundreds of thousands of young people who

want to change the world. The central question we face is whether we can create community-wide ecosystems in which they quickly catch fire, grow, and transform the way we live, or whether we will let them wither and consign ourselves to a darker future.

This article is focused primarily upon the growing movement of social entrepreneurs, represented by efforts like The Idea Village (see accompanying article). But there is a strong parallel with the commercial world that should be noted. *New York Times* columnist Thomas Friedman has been emphasizing in recent years how important start-ups

are to economic success. He is right. For instance, a Kauffman Foundation study of U.S. Census Bureau data shows that two-thirds of net new jobs in 2007 came from enterprises that were less than five years old. But Andy Grove, the cofounder of Intel and a legend in Silicon Valley, has recently entered an important rejoinder: of course, says Grove, start-ups are critical to U.S. job growth.¹ A growing problem in commercial fields such as IT, Grove argues, is not in start-ups—our entrepreneurs still do plenty of them—but in scale-ups. Unlike earlier times, when new IT companies like Intel built themselves by hiring most employees inside the U.S., many IT start-ups now increase their size by hiring people overseas. As a result, we are seeing massive joblessness. So, the challenge in the business sector—as in social enterprises—is to encourage not only start-ups but scale-ups. Specifically, how do we launch great organizations here in the U.S. and then grow them into robust enterprises—thus helping to drive our local economies and communities by creating new jobs and improving our social fabric?

We can see sparks of entrepreneurship lighting up all over the country in both the private and civic sectors... The central question we face is whether we can create community-wide ecosystems in which they quickly catch fire, grow, and transform the way we live.

Without question, America's most valuable commodity is human talent and intellect. If we are to tackle our most significant economic, educational, environmental, and health-care challenges more effectively, we must help next generation problem-solvers with the mentorship, resources, and knowledge to use their intellect to do good, while also allowing them the opportunity to do well. The emerging field of social entrepreneurship and innovation holds the key to unlocking this promise by combining the passion for social change with the creativity and determination of successful for-profit entrepreneurs.

Organizations such as Teach For America and City Year have had record-breaking applications over the past few years. No fewer than 46,000 college seniors across the country applied this past year for 4,500 new positions at Teach For America. Of course they are anxious to find jobs, but they are also brimming with idealism. Even so, and despite the fact that so many such organizations have proven track records, they are finding it both frustrating and slow to scale-up their organizations. The Obama administration, to its credit, is taking encouraging steps to invest in models with proven outcomes. For instance, this July, the inaugural Social Innovation Fund, run out of the White House, awarded \$50 million to 11 funding intermediaries—money that will in turn be invested in scaling-up proven social enterprises. Similarly, this summer, almost 1,700 applications came in for the Department of Education's Investment in Innovation program, known as i3. From this pool, 49 different social enterprises and innovative school districts were selected to receive their share of a \$650 million pie. These investments range from \$5 million to help further develop and grow promising innovations to \$50 million to help proven ideas get to scale. This investment will be matched by a 20 percent private-sector investment that further infuses these organizations with the capital they need to get to the next level. The Obama administration has asked for an additional \$500 million in the 2011 budget to expand this program.

Strikingly, the new British government under Prime Minister David Cameron is pursuing paths similar to that of the Obama team, building partnerships among government, social entrepreneurs, foundations, philanthropists, and private companies. Outlining his vision, Cameron this summer gave a speech entitled "Big Society," expressing sentiments that echo several recent books by American authors, notably *Big Citizenship* by Alan Khazei, *The Power of Social Innovation* by Stephen Goldsmith, and *Third World America* by Arianna Huffington. The *Economist* magazine, in its August 14-20 issue, published a three-page article extolling entrepreneurial efforts in both the U.S. and U.K. for their potential in solving intractable social problems.

Everyone understands, however, that this is only the beginning for the social entrepreneurship movement. Most of our time in the past has been focused on the creation of individual cutting-edge organizations. Increasingly in the years ahead, we must learn how to create community-wide ecosystems that help the individual organizations survive and thrive. More pointedly, the question becomes, how can we create cities that place a premium on attracting, enabling, and scaling social enterprises as part of their economic development and community improvement

Harnessing Social Enterprise to Advance Urban Innovation

A diverse group of innovators and entrepreneurs have harnessed social enterprise to advance urban innovation. Each of the successful cases presented below has involved different elements—collaboration, sharing, and decentralization characterize some cases, whereas streamlined management and an emphasis on accountability distinguish others. However, in all these cases, the people involved have committed to breaking from the status quo to bring about change that manifests within the deeper fabric of society itself, both in local communities and around the world. Here we offer a small sample of some of our nation's most exciting initiatives:

The Knight Foundation. Over its decades of existence, the John S. and James L. Knight Foundation has developed a variety of innovative programs within an urban context. These include the Communities Program, which awards grants to organizations in the 26 cities where the Knight-Ridder Company owned newspapers in 1991, the year of James L. Knight's death. Ranging from the Miami, Florida, home of the Knight Foundation, to Akron, Ohio, to Grand Forks, North Dakota, each Communities Program has a community advisory committee to help identify problems and the local organizations that can solve them in highly innovative ways with measurable results.

New York City's Department of Education. After bringing control of New York City's public school system under the authority of the mayor's office, Mayor Michael Bloomberg committed to cleaning up an antiquated and inefficient education system. Joel Klein, the former lawyer Bloomberg appointed to lead the revamped system, launched a campaign called Children First and began to seek out and scale-up high-quality education options for New York City's families. A cornerstone of this work was to partner with nonprofit intermediaries such as New Visions for Public Schools to open up new schools focused on innovation, results, and accountability. Between 2002 and 2009, Klein and his partners opened up 333 new public schools and more than 80 public charter schools with funding support from foundations, including Gates, Carnegie, and George Soros's Open Society Institute. Klein has also emphasized putting a great school leader in every school and is again partnering with proven social enterprises, such as New Leaders for New Schools, to make this goal a reality through the launch of the NYC Principal Leadership Academy, which is funded in part by over \$80 million in outside funding. Seven years after the reforms were first implemented, the results are starting to show significant growth across key met-

strategies?

The good news is that these efforts are also beginning to emerge across the country. To address a widening gap in education achievement and a perceived dearth of innovative solutions, Indianapolis launched an organization called The

rics, such as four-year graduation rates and grades in math and reading.

Massachusetts Institute of Technology–Harvard University Collaboration. As two of Boston's most famous educational institutions, MIT and Harvard have long had reputations as top-notch universities and research centers. Researchers at humanistically inclined Harvard frequently collaborate with their counterparts at technology-engineering titan MIT. Their most notable projects pertaining to social entrepreneurship involve tackling some of the world's greatest challenges by bridging the digital divide between rich and poor, providing access to affordable health care throughout the world, and helping to craft government policy that stimulates and enables innovation in the development sphere.

The Hub. Recent college graduates in London began the Hub in 2005 as a for-profit model of an incubator for social enterprise. With autonomous replications of their model currently operating in eighteen cities on five continents, Hubs around the world use a membership business model to provide coworking office space for individuals working in social enterprises. There they receive essential business services and work side-by-side with others committed to social change, and, more importantly, develop essential network contacts with whom they can collaborate and share ideas and energy.

Centre for Social Innovation. The Centre for Social Innovation in Toronto, Canada, provides individuals with the critical resources that organizations working in the social enterprise sector need to develop good ideas. By having access to resources such as office and meeting space, telecommunications connections, and staff to perform administrative or maintenance functions, entrepreneurs can focus on developing good ideas in a collaborative creative space.

Center for Design Innovation. When the state of North Carolina decided to transition the state's economy away from its traditional industries, it built the Center for Design Innovation in Winston-Salem to accelerate the growth of a design-intensive and knowledge-based sector. The facility, although located within the University of North Carolina system, is a multi-campus facility shared by major universities and colleges, as well as community colleges and technical schools, to bridge the gap between innovation and professional development.

Social Innovation and Commercialization Initiative. Like many other programs, this collaboration between several departments at Ohio State University in Columbus, Ohio, teaches the principles of social enterprise and encourages students to develop solutions. It distinguishes itself, however, by teaching how to commercialize those ideas and by bringing together the nonprofits and businesses that can help make their ideas a reality.

Mind Trust, which is designed to recruit and invest in the best education nonprofits in the country to serve its inner-city schools. It has also created a fellowship to attract the best and brightest education entrepreneurs to set up shop in their community by providing two years of salary, free office space, ongoing professional

development, and access to the city's top decision-makers. The Mind Trust also connects these education change-makers with each other—thus building a robust community of problem-solvers all focused on reducing the achievement gap. In other words, they're not only betting on a few race horses, they are creating a whole breeding system that is well fed and watered to ensure that the entrepreneurial spirit taking on the toughest problems in their schools is sustained and scaled.

Durham, North Carolina, is also developing a social innovation ecosystem designed to dramatically accelerate entrepreneurial activity in the city and region. Through Bull City Forward (BCF), local change-makers are provided with mentors, technical assistance, inexpensive coworking space (through an incubator

downtown), access to talent pouring out of the local universities, and much needed start-up capital through a proposed social innovation revolving loan fund. (Note: One of the Co-Authors of this essay, Christopher Gergen, founded and now runs the organization.) Bull City Forward is also working with the local school system and universities to ensure that the city and state have a robust pipeline of change-makers ready to launch new enterprises, and to join scaling organizations. BCF also has a recruit-

The Idea Village provides direct service to entrepreneurs, develops infrastructure to increase the quality and quantity of high-impact ventures, and promotes and celebrates the importance of entrepreneurship for New Orleans's future.

ment campaign to help other social entrepreneurs relocate or replicate their programs in Durham. The goal? To triple the number of social entrepreneurs working in Durham in the next five years (from an already healthy base) and get them to scale—bringing with them many more jobs and dramatic improvements to the social fabric of the city. Similar efforts are underway in Denver, Boston, Provide, Rhode Island, Minneapolis, Los Angeles, and Fairfax County, Virginia.

A shining example of this effort is The Idea Village led by Tim Williamson and Allen Bell in New Orleans. Through their model (laid out in this issue of *Innovations*), we see all of the characteristics of an organization driving forward the city's entrepreneurial ecosystem. The Idea Village provides direct service to entrepreneurs, develops infrastructure to increase the quality and quantity of high-impact ventures, and promotes and celebrates the importance of entrepreneurship for New Orleans's future.

Before the catastrophic events surrounding Hurricane Katrina, the "Big Easy" suffered from severe economic malaise characterized by a mass exodus of industry and talent. The deteriorating economic and social landscape—marred by the

absence of a vibrant business community, a sound educational infrastructure, and competent city services—was an impediment to the importation of new industry and talent and the catalyst for purging the city of many of its best and brightest. Understanding that entrepreneurship and innovation were the keys to positive economic and social change, and energized by their experiences in thriving entrepreneurial communities across the country, a group of New Orleans expatriates formed The Idea Village. For the first five years, 2000-2005, The Idea Village became the primary driver for entrepreneurship in New Orleans by providing previously absent direct services to entrepreneurs and by working externally to establish a community culture conducive to innovative enterprise.

Ironically, it would take Katrina, and now the Gulf's most horrific oil spill, to expose New Orleans's vulnerability and infuse the city with an unprecedented global network of support—a stream of new talent and resources that The Idea Village was in the unique position to fully access and engage. Today, with clarity of mission, relevant programs, and a strong network of community relationships, The Idea Village is ideally positioned to lead a vibrant and economically sustainable New Orleans and beyond.

The Idea Village's signature program, IDEAcorns, upon which the Idea Network is based, is indicative of the innovative successful approach that The Idea Village has employed to address economic recovery in New Orleans. The IDEAcorns program is a consortium of leading business schools that includes Stanford, Tulane, MIT, University of Chicago, Columbia, University of Pennsylvania, DePaul, University of California Berkley, and Harvard. IDEAcorns deploys teams of MBA students to address the challenges faced by strategically selected entrepreneurs in New Orleans. The program culminates in an exciting one-week immersion practicum that benefits the key small business sector of New Orleans while providing social entrepreneurship opportunities to the students. The result is a well-rounded MBA student who understands the value that education and acumen bring to community revitalization, and a community that benefits from the free knowledge of students attending the world's best business schools. This past spring, eight MBA teams and five corporations contributed over 9,000 hours to 329 entrepreneurs in New Orleans—all in one week.

The energy and good will built through the IDEAcorns leaves a lasting impression on those who participate and help fuel the entrepreneurial energy felt across the city. But it is far from the whole solution. To truly build an entrepreneurial ecosystem, we must engage a broader group of stakeholders ranging from our K-12 systems to our policy-makers. IDEAcorns may benefit, for example, from developing an entrepreneurial training program for high school students and engaging them proactively in the work. They will also benefit from being rigorous about tracking the impact their efforts are having on the local economy in terms of job growth—research that could be used to attract important economic development investment from the city, state, and federal government. And, of course, getting a number of new enterprises going is good, but how will they be sustained and scaled? Perhaps there is an argument for creating a boot camp for proven enter-

prises to get to the next level of growth with mentorship and investment from larger corporations and venture capital firms. Does it make sense for one organization to try to take all of this on? Maybe not. But what is clear is that each of these building blocks needs to be in place in our cities to help truly hyper-charge our entrepreneurial economies and harness the innovative spirit found throughout our communities. There are very few examples of this comprehensive ecosystem in action. The Text Box on pages 46 and 47 highlights several of the most promising.

CONCLUSION

As the examples in the sidebar attest, urban innovators across the United States have conceived and implemented new approaches to effecting positive social change. At a time in U.S. history that demands long-term innovations and determined reinventions, we need to prepare a new generation of entrepreneurs and set them up for success. The commitment to rebuild the republic is in ample evidence; citizens who volunteer for the Peace Corps and aspiring teachers who get involved with Teach For America are just part of the puzzle.

Our next generation of leaders has a greater sense of accountability than the one before them. In order to lift U.S. communities out of the trough, residents need to discover, demonstrate, and deploy a more vigorous combination of solutions that are based on core elements used by successful businesses. We also need to create communities that intentionally foster this entrepreneurial spirit and help it reach its fully scaled potential.

Social entrepreneurship is still maturing, and as it continues to emerge, the sector's high performers need to bring their efforts to scale. Regardless of whether solutions come from for- or not-for-profit enterprises, challenging problems persist. Transformational change in the coming decade will come not just from solo entrepreneurs, but from committed clusters of individuals and organizations backed by research and comparative models that use benchmarks to get results.

As Americans, we can do a lot to help renew our nation's economy and revitalize our democracy by providing, in all of our cities and towns, a place for entrepreneurs to flourish. That is how jobs can be created, how social change can happen, and how our citizens can realize their potential in a new world of challenge and opportunity.

Jazz legend Duke Ellington once said, "A problem is your chance to do your best." Through education, experience, and the spirit of entrepreneurship, the United States in the coming years will see its true capabilities realized through the energy and spirit of its youth and entrepreneurs.

¹ *Business Week*, July 1, 2010.