

Part I

CATALYZING SOCIAL CHANGE

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IGNITING CIVIC PROGRESS

“I have an almost complete disregard of precedent, and a faith in the possibility of something better. It irritates me to be told how things have always been done. I defy the tyranny of precedent. I go for anything new that might improve the past.”

Clara Barton

With deficits soaring and job growth problematic, now is the time to drive every possible public and philanthropic dollar to the best possible social result. Demand for government dollars will far outstrip available supply unless more Americans become productive taxpaying citizens. For economic and moral reasons, we simply cannot tolerate any longer the social conditions that leave so many citizens behind, too often trapping them as passive recipients of government help. Transformative social progress today is held back more by precedent and existing structures and processes than by resource limitations or a lack of the public's interest.

This book focuses on the lessons behind the acts of social entrepreneurs, philanthropists, business leaders, elected and appointed officials, students, and activists who make a difference in their communities. We concentrate on how these civic entrepreneurs act as catalysts that, by challenging existing assumptions and models, map the path to a better future.

Many have written on the efforts and attributes of individual “social entrepreneurs,” a term popularized by the exceptional work of Bill Drayton of Ashoka. Notable contributions include *How to Change the World* by David Bornsteins; *The Power of Unreasonable People*, by John Elkington and Pamela Hartigan; and Christopher Gergen and Gregg Vanourek's *Life Entrepreneurs*. Recent books

such as *Forces for Good*, by Leslie Crutchfield and Heather McLeod Grant, and *The Charismatic Organization*, by Shirley Sagawa and Deb Jospin, chronicle the features of high-performing organizations run by social entrepreneurs.¹ This book builds on those insights but looks beyond entrepreneurial individuals and organizations to entrepreneurial networks and fertile communities.

This chapter defines the concepts and identifies the reasons why social service delivery systems resist change, explains why civic entrepreneurs must be catalysts for transformative change, and concludes with cautions about engaging government.

Entrepreneurship, Innovation, and Change

Although there is little consensus on an exact definition of social entrepreneurship, I view it much as Roger Martin and the Skoll Foundation's Sally Osberg do. They define social entrepreneurs as those who identify and then challenge—with inspiration, creativity, direct action, and courage—an unjust “stable state's equilibrium.”² These social entrepreneurs share passion, a focus on outcomes and impact that leverages other resources, a sound business model, and high expectations for not only themselves but also their clients.

Early on, many of us involved in these fields mistakenly hoped that a good organization or idea would naturally grow to scale—in the same way that commercial product innovations such as cell phones and low-cost airlines grew to transform their respective industries—without worrying too much about how. Over time I realized not only the extent of the obstacles preventing diffusion of a good idea, but that real change requires more than scaling a single organization. These discoveries led us to focus on civic entrepreneurship.

In most of the areas where social entrepreneurs are working, none exist. The individuals whom we are trying to serve do not have the money to buy needed services; thus someone else pays for them. Thus the start-up capital sufficient to prove a concept

will not produce the broad growth needed for transformative change to scale.

Invariably, philanthropic and social investors rely on an exit strategy that looks to government as the sector that will eventually sustain an organization's growth. As a result, an idea's ability to grow depends on both government and the existing web of providers, funders, and politicians who have a stake in the status quo. In fact, in the areas in which social entrepreneurs operate (e.g., education, health, poverty reduction, social services, services to children and families, economic development of poor neighborhoods, low-income housing), government—its overall policies, financing, and regulation of suppliers—is the dominant force. In many of these areas, such as K–12 education, tax dollars represent most of the total spending—sometimes exceeding 90 percent.

Blaming government as the primary obstacle to progress, however, misses the mark. Comic strip character Pogo put it clearly when he said, “We have met the enemy and he is us.” Existing providers and their boards, staffs, directors, and sometimes clients lobby funders—whether private or public—to increase support of their efforts regardless of results. As Mayer Zald and Roberta Ash demonstrate, organizations naturally move through stages over time: “goal transformation, a shift to organizational maintenance, and oligarchization.”³ In other words the passion that produced yesterday's transformative innovation migrates over to sustaining the organization—which in turn precipitates an effort to raise barriers to entry for potential competitors. This evolution tends to calcify the system, making it difficult to redirect a community's scarce resources to bold new interventions and players. Simply adding new innovations on a stable base of mediocrity cannot produce social transformation.

Thus, in this book we focus on a concept that overlaps social entrepreneurship: “civic entrepreneurship.” Doug Henton describes civic entrepreneurship as helping communities develop and organize their economic assets and build productive, resilient relationships across the public, private, and civil sectors.

To Henton, the term “combines two important American traditions: entrepreneurship—the spirit of enterprise, and civic virtue—the spirit of community.”⁴ We use the term intentionally to underscore one of our major assumptions: that a leader in any sector can spark innovation, and social progress. This definition 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. To us, civic entrepreneurship represents both the spirit of change and the spirit of community.

So Many Ideas, So Little Progress

Why are we often stuck with entrenched underperforming social safety net systems of providers, government and philanthropic funders, advocates, and interest groups? Here are five reasons, which we will return to in more detail.

Irrational Capital Markets

The Center for Advancement of Social Entrepreneurship (CASE) at Duke University’s Fuqua School of Business is the academic home of leading expert Greg Dees. In 2007 CASE surveyed social entrepreneurs on what they considered to be the greatest barriers preventing them from “scaling up.”⁵ The results showed that funders, especially foundations, make decisions on “short time horizons” attracted to the “next new thing” rather than what works. Funders, even when backing innovation, are often most likely to support a program simple in concept, easy to execute, low in political or legal hurdles, and conducive to quick results—not necessarily a recipe for complex systemic change.

We study in this book the efforts of Vanessa Kirsch and her social venture fund New Profit Inc. to change the nature of philanthropic funding. Kirsch helps her portfolio organizations

understand that, since the clients for social delivery systems rarely have a choice of where to receive help, politics and bureaucracy (not efficacy) play a large part in determining who receives public funding.

We, however, assume that the growth of a social innovation requires more than private philanthropy and socially conscious investing in an organization. A civic entrepreneur seeking to remedy a particular condition in a community, such as access to behavioral health services for adolescents, will eventually need to access existing government and philanthropic dollars. Because systemwide change requires success not in a market economy but in a political economy that rewards influence, connections, and political capital, she will be unable to rely on new venture funding alone.

The civic entrepreneur inevitably discovers that incumbent interests have their protectors. We consider this to be a local social service version of the infamous military-industrial complex, or “iron triangle.” It is not an insidious triangle driven by self-interest; it is the network of relationships that develop among government bureaucrats, politicians, agency heads, and funders who believe that more of the same will make a difference. This iron triangle produces barriers to entry for new actors. Indeed, many of the obstacles civic entrepreneurs face are inadvertent, caused by good people with good intentions trying, within a narrow jurisdiction, to solve problems created by matters outside their control.

Champions of a particular solution, convinced—whether correctly or not—of the value they produce, will eventually fight changes that jeopardize their funding. The political economy of social systems, not the nature of providers and other actors themselves, induces providers to seek protection over performance. As Robert Michels wrote some one hundred years ago, an oligopoly can develop when a group “dominates decision making via its control over knowledge, resources, and communication.”⁶ And as the amount of government influence or money an organization

receives grows, even the most entrepreneurial effort runs the risk of emulating government. We are searching for conditions that will force dynamic change so that today's innovators do not inadvertently become part of tomorrow's government/nonprofit oligopoly.

Poor Metrics and Causal Confusion

With so many interlocking responses to similar issues, communities find it difficult to hold any one organization responsible for results. No one owns failure. I recently experienced one of those practice-what-you-preach moments—with discomfort. I was upbeat about President Obama's call for clear and accountable government performance until I tried to put it into action at CNCS. As chair, I enthusiastically support CNCS's goal to increase high school graduation rates through our grantees, whose AmeriCorps members can provide valuable services in a struggling school. Yet can we really hold a grantee responsible if its efforts are overwhelmed by challenges such as poor teaching or lack of school order? Obviously, impact must be measured and accountability imposed, but the *how* is difficult—and always more appropriate for the other guy. Too often public and private organizations use a lack of results as a reason to ask for even more funds. We explore measurement and accountability in Chapter 4.

Vertical Solutions for Horizontal Problems

Government's ability to collaborate has not kept pace with the growing complexity of these social service production systems. As a result, government reforms will continue to fail if they are aimed simply at improving the same old activities. We cannot solve complex horizontal problems with vertical command-and-control solutions. The speed of change toward third-party provision of all types of public services continues to outpace the ability of most public officials and agencies to manage these collaborations effectively.

In *Governing by Network*, Bill Eggers and I defined a “network” as an initiative deliberately undertaken by government to accomplish public goals, with performance metrics, responsibilities assigned to each partner, and structured information flow. But we also wrote that the ultimate goal of a network is to produce the maximum possible public value, greater than the sum of what each lone player could accomplish without collaboration.⁷ Despite good intentions, many attempts to reform these social problem-solving networks (and calling them “networks” is often a stretch) result in an incrementally better solution to a problem, but not the integrated, transformative approach that true civic entrepreneurship promises.

The Curse of Professionalism

Progressive Era government reforms produced, for the most part, today’s professional bureaucracies with technically proficient officials who design solutions for other people. For example, city planners in Indianapolis told community groups what their preferences for a new green space should be, and CNCS used to prescribe activities for thousands of not-for-profits, even though in both instances the “amateurs” on the front lines had a much better idea of how to solve problems. Without a market discipline, program officers, protected by legislative committees or foundation boards and convinced of their own professionalism, can become myopic. Social problems are increasingly complex and interlocking; the idea that a few smart program officers can design a solution and then issue a series of contracts governed by a set of rules misses entirely the point of civic engagement and community problem solving.

We need to open these social production systems to the community and engage it in real and substantive ways that involve a higher percentage of the community’s assets and social networks in driving change. According to Drayton, “Traditional societies evolved so slowly that gradual trial-and-error expressed

as customary law was all that was needed to guide them safely. As change accelerated, small elites took control of decision making. However, as society became ever more complex and as change accelerated yet again, this form of decision making could no longer cope. We now need a far more flexible, creative, quick-moving, and decentralized way of managing the planet.”⁸

Not Invented Here

The nationally ambitious entrepreneur aspiring to take a tested success into a new community faces another difficult barrier. Government procurement rules or practices often give preference to local providers. More importantly, the community rightly wants to determine what it needs, under what conditions, and expects providers to respond and negotiate with it. The outside civic entrepreneur, meanwhile, might take it as a virtue not to negotiate. In fact, he has been able to sell his innovation and his organization to private funders on the basis of the results his particular model has achieved. Fidelity to the model becomes key. As Dees notes, “Some of the national social entrepreneurs feel strongly about the integrity of their approach, and they have very robust minimal critical specifications. Full-fledged, they want to have control, want a certain culture and approach, and it may rub local folks the wrong way, or they won’t be comfortable with it.”⁹ The ensuing negotiation about the terms of the engagement carries implications and risk for both sides.

In *Governing by Network* we credited tacit knowledge—that which is not easily recognized or transferable—as the basis for many innovations. Explicit knowledge, meanwhile, naturally attracts outsiders or potential adopters, even though it might represent only 20 percent of the total knowledge needed to understand how something really works.¹⁰ A civic entrepreneur has the tacit knowledge of her innovation, and a mayor or civic leader has tacit knowledge of the community, but both have

only an explicit understanding of what the other knows. This mutual gap mistakenly increases the confidence of each that he or she is right.

As entrepreneurs come in from “the outside,” issues of class, culture, and race inevitably come into play. This is especially true when those outside are predominantly white and well-educated and the communities they look to serve are low-income neighborhoods of color. Whether civic entrepreneurs are respectful enough to not offend and interested enough to engage in dialogue will determine the level of tension and, ultimately, success. Civic entrepreneurs understand that even if they try to avoid the political arena, they cannot avoid local political dynamics.

Sometimes even city hall will have the “not invented here” reaction to its own community leadership. As a motivated citizen looks to instill innovation in local delivery systems, government officials and other social service professionals will naturally ask: What is it that allows you to do that better than we do? And in either case, sanctioning someone to come in and “fix” a situation may raise questions about the authority and credibility of the mayor and civic leaders.

Teach For America has learned first-hand how to navigate such tensions as it successfully entered thirty-five communities across the country. But it discovered just how difficult overcoming them can be when Detroit’s abysmal graduation rates drew the organization into that particularly challenging city. As Kevin Huffman, executive vice president of public affairs at Teach For America, remembers, “We thought, we’ve got to be in Detroit. When you see how dire the situation there is in terms of the gap in educational outcomes. . . . How could we not be in Detroit?”¹¹

The organization’s leadership successfully engaged the local philanthropic community but received “lukewarm support” from the superintendent, school board, and teacher’s union. This response did not deter them, because experience had taught that Teach For America’s teachers, or corps members, quickly won

people over once in action. “We build a fair amount of grassroots support,” Huffman says. “Principals really like us. . . . We build relationships in the political community. Parents like Teach For America corps members. Once we’re in, we’re usually in pretty good shape.” But soon after Teach For America entered Detroit in 2002, the school district started moving its corps members to new schools, did not pay others, and would not clarify whether any would be welcomed back for the second year of their teaching commitment. Detroit is the only city from which Teach For America has withdrawn. Huffman credits a confluence of factors for this disappointing outcome:

Very strong union, very weak superintendent, no support from the mayor or other political leaders in the city and a bureaucracy that was horribly mismanaged at the local level in the district. And all in all, the truth is we didn’t have any one person or entity that was a strong political supporter who could rally other people behind us. . . . There was nobody in the system willing to expend political capital to make sure that that didn’t happen.¹²

Teach For America’s experience in Detroit illustrates how even the best models confront serious barriers when they attempt to grow. Sometimes the local stumbling blocks are true policy differences, but other times they are simply parochial. Either way, civic entrepreneurs must continue to work at navigating these waters, learning from past efforts as they seek to overcome obstacles to growth and systemic change. In turn, communities need to be more open to the promise of civic entrepreneurship—from both outside and within.

Civic Entrepreneurship as the Solution

In order to find how civic entrepreneurs ignite change, we studied approaches that, because of their power in either policy or

delivery, caused the rest of the network to respond, forcing it to better allocate resources. We also looked for civic leadership that forced open space for change and challenging ideas. The leaders profiled in this book, rather than despair when looking at the depth of government bureaucracy and calcified social production systems, viewed the problems as opportunities to produce good. These civic entrepreneurs operate in different ways. Some convince a community that change must and can occur, like America's Promise through its attention-grabbing Grad Nation efforts. Others, like the successful College Summit program, actually produce the results themselves. Similarly, while government floundered in response to Hurricane Katrina, the heroic interventions of neighbors and faith- and community-based groups saved thousands of others. Creative, caring, and effective efforts like these demonstrate that great opportunity lies in our untapped civic potential.

The once-neglected fate of children of prisoners is one such area where civic leaders sparked change. In 2000 I participated in a small living-room discussion with presidential candidate George W. Bush and my friend John DiIulio, an insightful academic, criminal justice expert, and community activist. DiIulio unexpectedly inserted an appeal for the governor to mend a huge hole in the nation's social support net—the lack of services for children of prisoners. I thought at the time that DiIulio's plea had no chance of capturing conservative Republican attention.

Together with his colleague Wilson Goode, the former mayor of Philadelphia and a pastor, DiIulio knew that when children from disrupted families got into trouble, the government would most likely do things “to them” (jail) or “for them” (child protective services). But the entrepreneurial pair turned a problem into an opportunity. They had discovered that although many government programs touched these children—public safety, criminal justice, youth development, child welfare, and education—none really addressed the children in the way they needed to be

addressed. Goode and DiIulio knew that they could succeed with earlier and better-coordinated intervention—something new and supportive. So the two secured philanthropic funding from Public Private Ventures and began building Amachi. A few years later, having proved the importance of the intervention, Amachi secured federal government resources—and high-profile promotion from President George W. Bush.

This book shows that civic entrepreneurship like that undertaken by Goode and DiIulio can drive social change. Entrepreneurial communities determined to improve the quality of life must encourage civic entrepreneurs. At the same time, aspiring civic inventors must learn how to navigate and influence their communities' existing social service production systems. In my experience, community must be the focus because that is where the human interventions occur. Without the active support of neighbors and block-by-block organizations, no outside funding will succeed. Success requires a personal touch and a deep understanding of local problems and resources. It also requires, as we will see, a familiarity with or a guide through the local political waters.

So how can all this work? Let us look at it through an example I know too well—inner-city education in Indianapolis. I engaged in a ten-year battle with the independent school board—and the even more independent school bureaucracy—to reform the city's public school system. Despite tens of millions of dollars of social programming and countless hours of professional and volunteer service, we could claim nothing but consistently awful results.

Many years later the issue popped up again with a call from the respected innovator J. B. Schramm, whom I knew from my work as chairman of CNCS. Schramm, the inventor of the College Summit program, wanted my advice in his effort to bring the program to Indianapolis. College Summit claimed it could help generate enough change to improve the city's dismal high school graduation rates (at that time less than one-third for

young men of color).¹³ I knew Schramm was succeeding in other cities and assumed he could change the future trajectory for many Indy students. The story of how College Summit ended up in Indianapolis provides hope not only for the city's youth, but also for thousands of Americans who aspire to make a transformative difference in their communities and in the country.

Just after Schramm graduated from divinity school in 1990, he started tutoring students at a teen center in a low-income housing project in Washington, D.C., in the hope that they would pursue higher education. Over and over, Schramm watched capable students fail to matriculate to college for lack of the institutional and family support and social networks available to most middle-class youth. Like other entrepreneurs, Schramm brought a fresh perspective to a problem others viewed and accepted as familiar. He saw individuals who had potential that could be fulfilled once barriers were removed. Schramm took a new approach to preparing his students for college. He hired a writing instructor and provided other transitional and life supports. And his protégés succeeded. From there, Schramm launched College Summit, which by 2008 had helped 35,000 high school students in ten states.¹⁴

Today civic entrepreneurs, armed with innovative thinking, a bottom-line sensibility, and a willingness to tackle some of the nation's most intractable social problems, are tapping into a powerful energy and sense of purpose. This growing cadre of change agents is shattering traditional policy approaches and replacing them with creative solutions and unique partnerships to produce dramatic results. Yet serious questions must be addressed. How do promising new interventions like College Summit ever flourish in a social service model dominated by top-down approaches, prescriptive government funding, and relationships that all conspire to resist or slow change?

Civic entrepreneurs have been emerging from across America's landscape: public servants and elected officials, venture capitalists and generous individual donors, faith-based

providers, engaged citizens, and business leaders advocating new definitions of corporate social responsibility. Finding new ways to help people in trouble, these entrepreneurs have filled niches and changed thinking. Some of their efforts splash into the national headlines because of their appeal and success: Teach For America, Habitat for Humanity, and City Year, to name just a few. Many are local heroes, transforming communities across the country. Some, like Schramm and Wendy Kopp, the founder of Teach For America, are inventing new solutions. Other civic entrepreneurs set up the conditions for entrepreneurial success by staying active in rewriting the rules for how their communities determine priorities, make decisions, distribute funding, and monitor progress.

We include in these chapters discussions of public officials who prove that entrepreneurship can come from any sector—not just the social or private sectors. In New York City, Mayor Bloomberg and Chancellor Joel Klein boldly took on the challenge of reshaping the struggling school system, deeply integrating civic entrepreneurs into the change process. In Milwaukee, Bruce Kamradt put his knowledge and experience as a child welfare, juvenile court, and mental health administrator to work when he created an innovative and highly flexible integrated services model. Called Wraparound Milwaukee, his invention did not just coordinate but transformed the way dozens of agencies treated children with severe behavioral health issues—and their families—every year.

Clearly, the approaches and origins of civic entrepreneurship vary. For example, organizations like College Summit have grown in impact because they cross neighborhood, class, racial, and sectoral lines. Innovations in social problem solving offer more cause for hope and optimism than ever before—but only if they disrupt or transform an underperforming system for solving social problems. These important lessons led me to wonder how we can identify, nurture, and then *grow* the innovations invented or championed by the J. B. Schramms across the

country in a manner which, collectively, creates enough lift for truly transformative social change.

Igniting Civic Progress

The litany of current crises mandates change not just in the way government provides services, but in the community-wide delivery systems built up around social problems. How do we nurture these civic entrepreneurs and provide them the innovative space that will leverage bold responses from the other actors in a community's social service system? To demonstrate how things could be done differently, we looked for civic entrepreneurs who emerged from the government, private, or nonprofit sectors to start or change a program, an organization, or a new policy that now produces more opportunity and progress for community residents. This search was not easy. Creative social activists discover and deliver interventions that transform individual lives—but only infrequently will their interventions also force change through the rest of a delivery system.

Even after a bold new idea proves worthwhile, replication or growth depends on how well the idea is disseminated, on how much it receives in new resources or how much it gains from new strategic partners. The civic entrepreneurs with whom we spoke struggle to take their working solutions to a scale that causes systemic change. Social progress requires that they overcome built-in barriers to transform the delivery systems in which they are operating. We explore the links between innovation, entrepreneurship, and social change. Specifically, we wanted to learn how to help civic entrepreneurs successfully catalyze broader change.

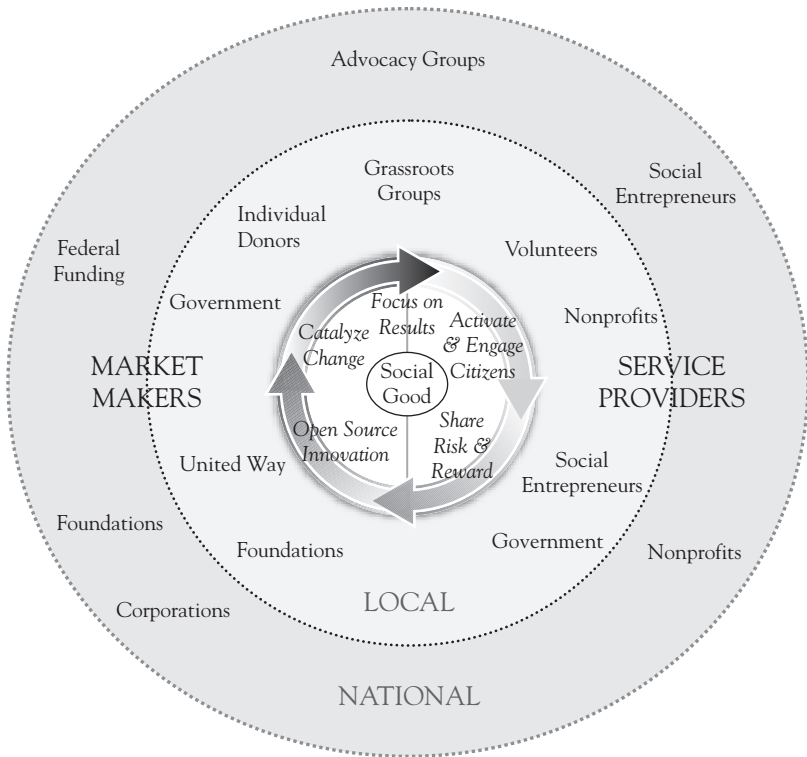
Our view of the social production system in a typical community is represented in the figure “Vortex of Social Change.” Outside the circle, which represents the local community, national actors assert influence that affects local conditions and responses. These outside actors include private funders such as

national foundations and large corporations; national advocacy organizations, interest groups, and professional associations; national nonprofit innovators; and federal or state funding agencies. The organizations inside the circle represent local players who can push for or impede a transformative solution. These local actors include private funders such as local philanthropists and community foundations; grassroots associations and interest groups; longtime civic institutions like the United Way, school officials and nonprofit providers; the mayor or other elected officials; and local civic entrepreneurs from all corners.

A host of forces operate on a community's social service delivery structure—few of which argue for change. The tendency to resist disruptive change does not result from a nefarious political conspiracy. Rather, it is the natural result of a system in which one closely tied group of individuals—philanthropic and government funders—makes decisions for another group—citizens in need. Yet an impassioned person with an appealing vision can act as a catalyst. The center circle in the figure on page 19 represents the civic reaction—the disruption and eventual transformation of the existing system triggered by civic entrepreneurship that produces more social good.

We do not want to suggest that these broad changes will always force existing players out of the “market.” Rather, they might cause a configuration of current providers. Sarah Alvord, David Brown, and Christine Letts explored well-known social enterprises to find how they “expand and sustain their impacts and transform larger systems in which they are embedded.”¹⁵ They found that no matter the type of social intervention—local capacity building, new products or services, or movement building—social entrepreneurs achieving some level of system change worked across traditional divides. These entrepreneurs bundled services and created alliances both in the provision of assistance and in the advocacy necessary for “political leverage to have transformational impacts on both political and cultural contexts.”

Vortex of Social Change



The above diagram represents the book's theory of change. The actors in the two outside circles—both service providers on the right and market makers on the left—can catalyze change among all the actors by employing one or more of the strategies depicted in the inner circle. We explore each of these strategies in subsequent chapters.

We consider market makers to be those organizations or principles that catalyze change and create the conditions for broad community solutions. They do this through programmatic and policy advocacy, funding, and rule setting that can source new providers who focus on results. Sometimes the conditions bring in new actors; other times the market makers clear the way for new arrangements of existing providers. Community leaders, grassroots organizations, and public officials promote entrepreneurship in their communities when they create environments of continuing innovation, challenge the very definition of public value, and exhibit a willingness to challenge the status quo.

Service providers engage in civic entrepreneurship as champions of a particular innovation, driving its design or identification as well as its adoption across a delivery system. The lessons that guide these champions of innovation include a mobilization of public will and political capital to demand results and change, a willingness to assume risk, and a delivery model that increases expectations of individual potential and responsibility.

We consider both market makers and service providers to be potential entrepreneurs and note that the levers of change they utilize are sometimes the same and sometimes quite different. Yet the lessons from both groups are essential to entrepreneurial communities and also to entrepreneurial organizations.

The Mandate and Caution of Engaging Government

Any process to address a community's social service production systems must keep its two dominant actors in mind—government and the individual citizen.

Government can be either a powerful ally or the primary obstacle in efforts to bring about large-scale change. On the one hand, individual entrepreneurs can certainly do much good by themselves. On the other hand, government must ultimately execute its role in ensuring the democratic values of equity and justice for all citizens. Further, the creative civic entrepreneurs who succeed by avoiding too much government entanglement eventually realize that they cannot take their innovation to any serious scale, or truly effect systemic change, without some government participation. Andrew Wolk, an early advocate for government support of social entrepreneurs, highlights the necessity of government participation in his discussion of College Summit. The organization grew impressively by 750 percent between 2000 and 2008, moving from serving 2,000 students to more than 17,000 students. "Yet, even with these results and growth," Wolk writes, "College Summit estimates they only reach

about 2 percent of the one million low-income high school students in the United States.”¹⁶

In addition, government plays such a dominant role in funding and standard setting today that broad social changes simply cannot occur without the eventual cooperation of all sectors. Government controls the area of social responses in the way it funds programs, regulates providers, sets credentials, and decides which organizations are qualified to provide services. In trying to bring innovation and change to government-dominated systems like education and public safety, one quickly finds the need to convince public officials of the value of change. No matter how noble our intentions or how dire the need, most broad change eventually involves the expenditure of tax dollars and thus the political process.

Since today's good idea could become part of tomorrow's social oligopoly, we need a process that consistently promotes innovation. Communities need to intentionally craft the structures to support this process because a truly open and competitive market does not otherwise exist. Involvement with government's command-and-control approach produces subtle dangers as well. Government funding diluted Gilded Age values such as mutual aid, character building, self-restraint, and self-help. The country moved from one in which receiving government support was considered shameful to one in which interest groups compete to maximize government assistance. It is not so much that public spending discouraged private spending, more that rule-driven, top-down government intervention affected philanthropy and civil society by reducing the communal aspect of neighbors and families taking care of one another. The nonprofit sector's important role of mediating between state and citizen will be threatened as more organizations become overly dependent on government funding.

While we argue that engagement with government is key to most social change, it also requires a fine balancing act in order to maintain the entrepreneur's integrity of voice and practice.

Beth Gazley's research on informal government-nonprofit "partnerships" found that most are not really partnerships at all—at least not in the sense that the two sides share authority and resources.¹⁷ Government dominates the nonprofit provider. Once an entrepreneur becomes so addicted to government's deep pockets that he cannot afford to walk away, he runs the risk of losing his creative edge.

Sungsook Cho and David Gillespie studied this tension employing resource dependence theory, a useful tool for explaining the power dynamics between agencies that exchange resources.¹⁸ Resource dependence theory assumes that people shape their organizations to attract resources; the more heavily dependent on government they become, the more likely it is that they will eventually look and act like government.

Even while starting the faith-based initiative in Indianapolis, and later assisting with the initiative at the White House, I remained concerned about inadvertent government intrusion on the mission of faith groups receiving funding. After observing government contract managers and auditors at work, I feared that faith or community organizations would begin to look and operate like government as we strove to build their capacity to comply perfectly with grant requirements. I still remember the group of highly committed pastors I met in Augusta, Georgia, after President Bush announced the faith-based initiative. Many of those present worried greatly that the risks of government partnerships might become reality. Peter Berger and Richard Neuhaus call these risks the "fatal embrace."¹⁹ However, every day those pastors, and others, face serious challenges in feeding and housing people in crisis, and more resources mean that they can reach more of their hurting neighbors. Understanding when those resources undermine results and innovation will remain difficult, so nonprofit boards and their executives must vigilantly balance tradeoffs and opportunities.

Indiana's Les Lenkowsky studies philanthropy and has worked in various government roles including CEO of CNCS.

Despite or because of these experiences, he well articulates the caution of engaging government:

If the nonprofit sector is now moving into an era where its role and influence will loom large and the reliance of the public on its actions will grow, the delicate balance struck between doing good through the state and doing good through private means will come under increasing stress. . . . But how to produce a healthier outcome is a challenge facing philanthropic leaders in the twenty-first century, not only to protect themselves but, at least as important, to maintain the equilibrium of public and private organizations that is so vital to the preservation of democracy.²⁰

As we will see, civic entrepreneurs imaginatively engage citizens in order to maintain the personal nature of social services despite governmental grant requirements. Some public officials use their authority, credentialing procedures, and purchasing power to open up opportunities for creative nonprofit leaders to better serve people in need. We see a new role for government in social progress—one that concentrates on producing public value, not on controlling the means of producing it. In this new role, government will be much more energetic in setting up systems that ensure quality outcomes and much less dominant in accomplishing those outcomes. Part of the solution to avoiding the lure of entrenchment and supplanting by government, then, is civic renewal itself.

To produce civic renewal and social progress, any system must emphasize individual conduct and responsibility. Government, nonprofits, and for-profit companies succeed when they strengthen the talents and improve the opportunities of the person seeking help. This bias rejects ideas from both the right and the left: the idea that individuals do not deserve assistance unless they first establish certain behaviors (a view that overlooks the family, neighborhood, and school failures that

reduce opportunity) and the idea that government and agencies should support the results of bad behaviors regardless. As Sawhill and Haskins have written, interventions “must be both generous enough and sufficiently tied to desirable behavior to be effective.”²¹

Teaching a person to fish, done correctly, can be uplifting and supportive, not lecturing and condescending. I learned this lesson early in my public career, when I met with a small group of mothers who were receiving child support for the first time thanks to our enforcement efforts. This was before the 1996 national welfare reforms, and I wanted to see how upset they would be about the possibility that their welfare payments might stop if we succeeded in getting the dads to pay what they owed. Not one of the mothers complained. Instead they explained that they did need help with child care, transportation, or education, but they all wanted a job rather than a government check. In this vein, some of our best solutions derive from individuals themselves and from faith-based organizations that mix aid with a confidence founded on belief in a supreme being and in the potential of individual effort.

Conclusions

Growing cadres of civic entrepreneurs eager for change bring bold interventions that push the bounds of how to address public problems. They are a savvy, motivated, and results-oriented group of individuals who, through disruptive innovations, create opportunity and hope. Together with a large and growing pool of caring citizens who aspire to help others through service, they prove each day how talent and compassion can change lives and in so doing hold the key to America's future.

Civic entrepreneurship, combining as it does our communal ideals with the efficiency and technological know-how of business, represents hope for effective community change. In *The Power of Social Innovation*, we look at how energetic and

passionate citizens can close the widening gap between social problems and solutions and how communities, funders, and government can indeed create an environment for social change. We intend this book to be useful to private citizens, donors, nonprofit managers, and elected officials in identifying the obstacles and assets necessary for truly transformative change in communities everywhere.

