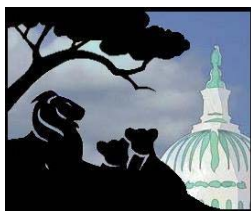


# –EDITED TRANSCRIPT–



HUDSON INSTITUTE'S

## BRADLEY CENTER

FOR PHILANTHROPY AND CIVIC RENEWAL

presents a book discussion of

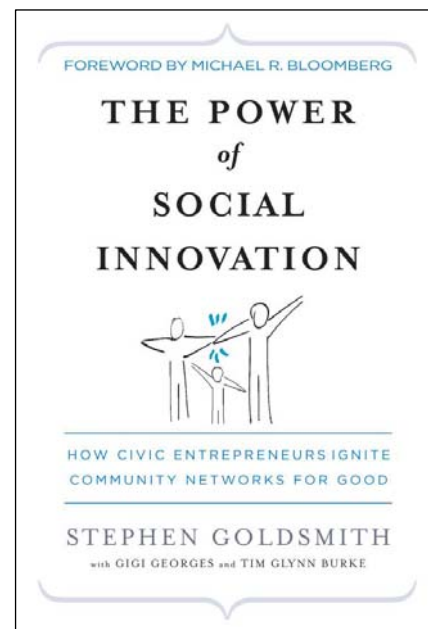
# *The Power of Social Innovation:* *How Civic Entrepreneurs Ignite Community Networks for Good* by Stephen Goldsmith

Wednesday, April 7, 2010 ▪ 12:00 to 2:00 p.m.

Hudson Institute ▪ Betsy and Walter Stern Conference Center ▪ 1015 15th Street, NW ▪ Suite 600

In this new age of the social entrepreneur, too often private sector innovation, as admirable as it is, fails to translate into meaningful change in the larger public sector. There, massive expenditures of public dollars continue to fund delivery of services that have conspicuously failed to solve our most urgent social problems. In a few communities around the country, however, private and public leaders have come together to design significant change in the way we approach public problems, reflecting the best impulses of civic entrepreneurs, and restoring the role of citizens and neighborhoods in self-governance. Former mayor of Indianapolis and current chair of the Corporation for National and Community Service **STEPHEN GOLDSMITH** has been a pioneer in such efforts, and in *The Power of Social Innovation: How Civic Entrepreneurs Ignite Community Networks for Good*, he lays out his career-long experience with and research into this approach.

On April 7, 2010, the Bradley Center hosted Mayor **GOLDSMITH**, along with a panel of experts including **PAUL GROGAN** of The Boston Foundation, the Laurie M. Tisch Illumination Fund's **GAIL NAYOWITH**, and **ROBERT WOODSON** of the Center for Neighborhood Enterprise, to discuss the book. The Bradley Center's own **WILLIAM SCHAMBRA** moderated the discussion.



### PROGRAM AND PANEL

- 12:00 p.m. Welcome by Hudson Institute's **WILLIAM SCHAMBRA**  
12:10 Panel discussion  
**STEPHEN GOLDSMITH**, author  
**PAUL GROGAN**, The Boston Foundation  
**GAIL NAYOWITH**, Laurie M. Tisch Illumination Fund  
**ROBERT WOODSON**, Center for Neighborhood Enterprise  
1:10 Question-and-answer session  
2:00 Adjournment

### FURTHER INFORMATION

This transcript was prepared from an audio recording and edited by Krista Shaffer. To request further information on this event or the Bradley Center, please visit our web site at <http://pcr.hudson.org>, contact Hudson Institute at (202) 974-2424, or send an e-mail to Krista Shaffer at [Krista@hudson.org](mailto:Krista@hudson.org).

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# Biographies

**Stephen Goldsmith** is the Daniel Paul Professor of Government and the director of the Innovations in American Government Program at Harvard University's Kennedy School of Government. Goldsmith, himself an entrepreneur, occupies the unique position of having approached issues of social innovation as a national leader across sectors—including government, for-profit corporations providing public services, and major nonprofit and philanthropic organizations. Goldsmith served two terms as mayor of Indianapolis. He then led reform as a special advisor to President Bush on faith-based and nonprofit initiatives and is currently the chair of the Corporation for National and Community Service, serving for eight years under President Bush and now under President Obama. In his capacity at Harvard's Kennedy School of Government, Goldsmith has conducted extensive research over the past five years to identify a framework to leverage social innovation for transformative change. He convenes the Executive Session on Transforming Cities through Civic Entrepreneurship, a two year working group of prestigious national leaders from all sectors. His latest book, *The Power of Social Innovation*, published in March 2010, suggests a path for better relationships between government and social entrepreneurs and provides tangible examples of successful civic entrepreneurs. Goldsmith's other publications include *The Twenty-First Century City: Resurrecting Urban America* and the award winning *Governing by Network: The New Shape of the Public Sector*.

**Paul S. Grogan** has been the president and CEO of the Boston Foundation since July 2001. With an endowment of more than \$630 million, the foundation distributed grants of almost \$50 million to nonprofit organizations throughout the Greater Boston community this past year. Grogan joined the foundation from Harvard University, where he served as vice president for government, community and public affairs from 1999 to 2001. He was also a senior lecturer at the Harvard Business School. From 1986 through 1998 he was president and CEO of the nonprofit Local Initiatives Support Corporation (LISC). Before joining LISC, Mr. Grogan served Boston Mayors Kevin H. White and Raymond L. Flynn in a variety of staff and line positions. Grogan's vision for the future of the American city is detailed in a book he wrote with Tony Proscio called *Comeback Cities: A Blueprint for Urban Neighborhood Revival* (Westview Press, October 2000), which Ron Brownstein of the *Los Angeles Times* has written is "arguably the most important book about cities in a generation."

**Gail B. Nayowith** joined the Laurie M. Tisch Illumination Fund as its first executive director in the fall of 2007, after leading Citizens' Committee for Children of New York for fifteen years. She oversees the development and execution of all foundation initiatives including: NYC Green Carts a market-based, public/private venture to create 1,000 sustainable street vendor businesses, increase access to healthy food and promote consumption of fresh fruit and vegetables, and, Service for Impact, an effort to integrate citizen service and volunteering into the life of cities to meet the challenges that American cities face. Nayowith is a leader in the field of child and family policy and in the revitalization, design and operations of government and non-profit human service systems and programs. She recently authored a chapter, "Fact-based Child Advocacy: The Convergence of Analysis, Practice and Politics in New York City" for a volume on child well-being (Springer 2010).

**Robert L. Woodson, Sr.**, is president of the Center for Neighborhood Enterprise (CNE), which he founded in 1981 with the name National Center for Neighborhood Enterprise. Often referred to as the godfather of the movement to empower neighborhood-based organizations, Bob Woodson's social activism dates back to the 1960s, when as a young civil rights activist he developed and coordinated national and local community development programs. For more than forty years Woodson has been a source of guidance and support for grassroots organizations around the world, and is consulted by cabinet officials, numerous governors, members of Congress, academicians, business leaders, and the news media. Woodson has also worked with youth intervention and violence prevention programs since the 1960s and has written several books on the subject, including *Summons to Life*. He is also the author of *The Triumphs of Joseph: How Community Healers are Reviving Our Streets and Neighborhoods* (The Free Press, 1998) and many articles. Woodson is a recipient of the John D. and Catherine T. MacArthur Fellowship, the Bradley Prize, the Manhattan Institute's Social Entrepreneurship Award, and most recently, the Presidential Citizens Medal.

# Proceedings

WILLIAM SCHAMBRA: Good afternoon, and thank you for joining us on a beautiful, sunny Wednesday. I'm Bill Schambra, director of the Bradley Center for Philanthropy and Civic Renewal at Hudson Institute.

My colleague Krista Shaffer and I welcome you to today's panel focusing on a new book of considerable interest to the nonprofit sector written by Steve Goldsmith and entitled *The Power of Social Innovation: How Civic Entrepreneurs Ignite Community Networks for Good*.

I'm grateful to journalist David Brooks for providing the perfect preface to today's discussion in his *New York Times* column yesterday. Entitled "Relax, We'll Be Fine," his column suggested that behind the consistently depressing headlines about the state of America today lurk certain hidden trends that provide reason to be hopeful about our future.<sup>1</sup>

Indeed, in his concluding paragraph, he argued that we are on the verge of "a demographic, economic, and social revival" in large part because, as he puts it, "The U.S. has always been good at *disruptive change* . . . Surely," he continues, a country that has *that* going for it "is not going to wait around passively and let a rotten political culture drag it down."

This, it seems to me, goes to the heart of Mayor Goldsmith's new book. For many today maintain that we *are* suffering from a rotten political and social service culture – I hasten to add, I don't think Steve would put it quite that way; he's far too polite for that sort of thing. But in such a culture, as some argue, bad outcomes from public services are routinely *defended* by those who deliver or fail to deliver them, and routinely *accepted* by citizens who are otherwise without plausible alternatives.

But, in apparent agreement with Brooks, Mayor Goldsmith points out that there *are* nonetheless civic entrepreneurs across America, in both the public and private sectors, who refuse to accept the status quo, and have successfully challenged it through this process of "disruptive change."

As the mayor describes their strenuous, courageous, and all-too-often thankless efforts, though, the suspicion creeps in that disruptive change is not something that comes naturally to many of us, and that Americans had better not relax too much in the assurance that things will somehow be fine.

To discuss these and other issues raised by this new book, we're joined by a distinguished panel today, beginning with the author of the book, Stephen Goldsmith, former mayor of Indianapolis, professor at Harvard's Kennedy School, and chair of the Corporation for National and Community Service.

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<sup>1</sup> David Brooks, "Relax, We'll Be Fine," *The New York Times*, April 5, 2010. Online at <http://www.nytimes.com/2010/04/06/opinion/06brooks.html>.

He will be followed by Paul Grogan, president and CEO of the Boston Foundation, and author of one of my favorite earlier books on a similar topic, *Comeback Cities*;

Then Gail Nayowith, executive director of the Laurie M. Tisch Illumination Fund in New York City;

And finally Bob Woodson, founder and president of the Center for Neighborhood Enterprise.

Mayor Goldsmith?

STEPHEN GOLDSMITH: Thank you, Bill. I've been under Bill's influence for a long time, from his philanthropic efforts to tell public officials around the country how to treat civil society, so I appreciate your introduction and your comments about the book.

I'm just going to talk for a few minutes – we have this illustrious panel. I've also been affected in my – I don't know Gail (Nayowith) quite so well, but the other two folks here have affected me over the years through their creative work as well, in Indianapolis as well as nationally – Paul (Grogan) and Bob (Woodson). Now, I haven't figure out how I am going to start this speech, but I think I'd like to start by talking about Bob – I think that's the best way to do this.

So, I was mayor and had an agenda of trying to rebuild the seven most impoverished communities in Indianapolis. And I thought of myself – and still do – as a conservative, and my reason for wanting to be mayor was to rebuild these communities of about 7,000 to 20,000 people each. And I won't go through the process that I utilized to do this, although I tried essentially everything, and some of it worked. But along the way I met Bob (Woodson) – Bill (Schambra), probably as a result of your introduction; I don't know – and invited him to Indianapolis, because it felt to me like there were a number of things that were not aligned correctly.

One is that the city, even when it had good intentions, wasn't listening very well to the community that it pretended to be helping. And the second was that the old-line organizations that suggested they represented the citizens of those communities were, it seemed to me, either not accomplishing very much or were not indeed any longer actually representative. And finally, the philanthropic infrastructure in Indianapolis, which has a pretty vibrant philanthropic community, was pretty committed to funding the same stuff year after year regardless of whether it worked. It was kind of a political – not in terms of Republican or Democrat – but there was kind of a political [status quo]; the community foundation, the United Way, the boards of the major organizations, everybody was involved in doing good deeds, and even if the good deeds didn't produce results, nobody really wanted to rock the boat. So there really wasn't any oxygen to bring somebody like Bob Woodson to Indianapolis.

So we had to rely on national foundations for the venture capital to bring Bob into communities to organize and produce his skill set, which I'll let him describe. But it worked – Bob worked. And he would tell you stories, if he were not in a polite mood, about the number of people who complained about him being in town and doing stuff that wasn't acceptable. Even if it worked, it was still disruptive. So essentially, although I didn't write the book like this, Bob is the problem

that I tried to address in the book. (Laughter.) He may be the solution, too, but he certainly is the problem.

Now, I thought Bill (Schambra)'s introduction was interesting in another sense. I'm a David Brooks fan, as a matter of fact, but I don't think there's much disruptive innovation in the social sector. Just to go back to another Indianapolis story, we had a great United Way – they were partners of mine – and the more I tried to fund performance with city dollars, the angrier they got about me disrupting the funding patterns of the existing organizations. They had an allocations committee and a process, and they funded these organizations. And when I started changing the way we funded it, it turned out, I think, allegedly every board member of every one of those organizations must have contributed to my political campaigns because they all came to explain to me why what I was doing in terms of performance funding was inappropriate, as did a lot of the folks in the organizations that were funded. And so I found city hall filled with people who did not share my enthusiasm for disruptive innovation in the social sector.

And in fact, I would say after doing this work that I've done and summarized in the book – and I'll talk in a couple of minutes about that, it's not so much that that we don't know what will work; it's that we can't get it to go to any scale. And that's because there's no real marketplace – because, I don't know who bought an Apple iPad when they went on sale for the first time yesterday, but if somebody sees an iPad next to them, they decide to go out and buy an iPad. Well, you don't do that in the social sector, because (a) clients and customers don't have any choices, and (b) the marketplace is a government marketplace, right? Even when Gail (Nayowith) funds something, the typical philanthropic venture capital fund, no matter how good they are, has an exit strategy; after three years of funding, then the take-out strategy is government, or you're on your own. One of the two. The market doesn't work – there isn't a real market because it's a political economy; it's not a market economy, and we can't kind of scale it up.

So I spent three years with a grant from the Knight Foundation kind of bringing together the best social entrepreneurs, the ones you read about sometimes and some little guys as well – from the Teach for Americas to the local success stories. (See pages 62, 112, and 173 in the book for more on the Harvard Executive Sessions.) And I asked them, okay, you view yourselves as social entrepreneurs, so what's the definition of "social entrepreneur"? So, even though I pretended to write a scholarly book, at the end of it I still had no idea what the definition of a "social entrepreneur" is. It appears to me that if I'm a creative leader of a nonprofit, it's me, and you're not. (Laughter.) But basically, it means an entrepreneurial leader, a passionate, performance-driven person who has an organization dedicated to producing social good.

So you talk to those folks, and even the large ones – let's take one that everybody knows, Teach for America – the scale of Teach for America in and of itself, if it has no effect on the rest of the public school organization, will never be sufficient to drive the social changes we need. And if anybody is watching the social dynamics of cities these days, they are not very good, right? High school graduation rates in Indianapolis are catastrophically bad, and they're horrible around most of the rest of the country as well. Income disparities are greater, and even though I think there is a resilient civil society, it is kind of beat down in some ways in many of these areas with increasingly dense poverty.

So I'm trying to figure out how we can get to some sort of scale, because it would appear that, regardless of whether you're a Republican or a Democrat, you ought to be able to agree that we at least ought to spend the dollars we're spending well. Some may say that we're spending too many dollars; some may say we're not spending enough. I say we're not spending them well. How do we take those things to scale?

*The Power of Social Innovation* is essentially kind of an inventory of what that is, and it looks at it from three different perspectives. One, I use the term "civic entrepreneur" in the book because it felt to me – and this is my government bias – that the term "social entrepreneur" suggests that socially innovative activities occur from nonprofit leaders, which is often the case, but I actually have this kind of relatively myopic view that there are elected public officials who can create room for social innovation as well. Gail (Nayowith) will probably talk about it, but I've been very impressed with Mayor Bloomberg's Center of Economic Opportunity (CEO) fund in the mayor's office in New York City (see *Power of Social Innovation* pp. 74-75), which is to say, look, we're going to try to change the face of poverty, and we're going to take some risks, and here is some seed capital to do it. That is space for innovation.

The Corporation for National and Community Service, as Bill (Schambra) knows (as a former board member), is the home of President Obama's Social Innovation Fund. It's a very small fund, but nevertheless one that is committed, I think, to good things – to performance funding of new social change.

So, how do you create the space for risk capital and social innovation? How do you reduce the protectionism that says that to do a good deed you have to be a licensed MSW and you have to have a certain kind of proficiency and professionalism? How can we have more interactivity with the citizens who we're trying to help, and how do we open up the sourcing side of that?

The second thing is the ideas that Bill (Schambra) and Bob (Woodson) and others have talked about for a long time. There is this irresistible tendency even among the social entrepreneurs to say, *I* can see the problem, and *I* can see the solution. That is a top-down method of imposing change in our communities, and it's not very responsive. Our customers and clients and citizens don't have very much choice. They don't participate enough in helping co-produce the results that need to be achieved. And so this issue of credentialing and trusting citizens and citizen participation, and even using the Web 2.0 tools both to lobby government and to provide input is another area that we've looked at in the book. (See Chapter 5.)

And finally – this is, I know, both naïve and obvious, but – a certain level of performance should be a requirement. Whether you are a private philanthropy, a large national philanthropy, or government, there's a tendency – when I was battling in a friendly way with the United Way in Indianapolis, essentially it would go like this: You would ask for money to do something good in the community, and a year later you would come back and say, well, we didn't accomplish what we wanted, and the reason is because we didn't have enough money. And so year after year that would accrete. And the people who made that case actually believed it; it's not like they were cynical folks. But the individuals who were trying to help operate in these very complicated social systems, right? They have peers; they have enablers; they have schools; they have other

friends. And so the idea that scale is defined by how much your program grows, even if it's performance driven, is way too narrow and also a little bit naïve.

In the book, I tried to look at how you could impose a change that would make the rest of the system better. Just to take the simplest example, one that is relatively well known, when Communities in Schools ([www.communitiesinschools.org](http://www.communitiesinschools.org)) integrates the rest of those services in a school with a kind of intentionality and method to it, it turns out that they can actually make a difference in the school. Those are the same pieces that are fragmented around that school otherwise, but they're brought together in an integrated way. (See page 28 for more on CIS.)

Now, I don't want to suggest that scale only means, how does my program get better – even if my program produces some programmatic results. Scale ought to mean, how do we change the network that surrounds the kid and the family? How do we make the rest of the pieces work better? How do we integrate that network in a way that makes sense?

And then, finally, performance funding. I think the definition of both the Bloomberg fund and the Obama fund will be not whether there is a 100 percent success rate from the CEO fund or the Social Innovation Fund – because if they have a 100 percent success rate, they will have failed. That's not the definition of innovation. The issue will be whether the innovation funding creates a culture of re-purposing the existing dollars that don't produce performance, the huge amounts of dollars spent in the federal government, city government, and state government. That will be the real test of social progress.

In conclusion, from both the Corporation for National and Community Service and the census [ph] work that we do I think that there is this great reservoir of civic pride and civic involvement in our communities. And there's great need on the part of a lot of folks who live in our cities. But the pipeline between those is broken, and I'm encouraged that if we give a little more space for social innovation, we can get there.

Thank you very much.

(Applause.)

PAUL GROGAN: Good afternoon! I'm pleased to be here. Steve (Goldsmith) is a dear friend, and I've been a long-time admirer, and had the privilege of working with him a little bit when he was mayor. I've tried not to let all that affection I have for you, Steve, color my view of the book! But I'm pleased to have been invited to offer some comments.

Let me say at the outset, here – I think since baseball season has started I can use a baseball metaphor – the book is definitely an extra-base hit in this field. I don't think it's a home run. It's a little short of that – but Steve admitted in our talk earlier that he's a little better at defining the problem than the solution, and that's true of all of us, I think; so it's a forgivable shortcoming, if that's the case. This is no doubt a very important new contribution to a growing body of literature, and I think that's a terrific thing. It's both a critique of where things are, how things work now, and a reminder – and this is very important – that we do not appear to be on track to solve some of the most pressing social problems we have.

It's truly horrifying, what is going on in some respects in the cities of the United States. Just looking at the urban public education situation – and there's a lot of ferment around education – the reality today is that there's a kind of multi-generational holocaust going on. We are turning out whole cohorts of mostly black and brown kids who have no shot, absolutely no shot, at making it into the middle class or leading fulfilling and productive lives. It's a disaster for the country. We've had in much of our history labor surpluses that have led us to believe that we can waste large numbers of people and not really suffer the consequences in terms of overall economic growth. That is not going to be the case in the future.

And I think Steve (Goldsmith)'s urgent reminder is, we are not getting there if present trends continue. And in fact, if you look at certain indices things may be getting worse in terms of a lack of upward mobility and the rising gap between incomes as the knowledge economy rewards those with high levels of education and training and punishes severely, in economic and other terms, those who don't. So that alone makes the book extremely worthwhile.

But in addition to that, his critique, I think, is right on the money – of how things are going now; the way programs operate; the hopeless fragmentation that goes on; the political protection of things that don't work; and the lack of progress in nonprofits effectively integrating their work with government and understanding how to work with government. That critique is being echoed in other books that are appearing, but it's very, very well done here.

The first part of the book is actually quite a case for pessimism about this whole situation, and yet it takes on rather quickly a much more optimistic tone, and of course the title of the book is optimistic – *The Power of Social Innovation*. And then we get, again very usefully, an inventory in Steve's terms – a catalogue, I would say – of some really hopeful initiatives and programs that are developing around the country that show real promise with the admitted issue of lack of scale and overall impact. (Examples appear throughout the book; see index for information on particular organizations and initiatives.)

What would have made this, for me, perhaps much more vivid – and Steve, I want you to do this for the paperback edition – is to write another chapter about how you would have done things differently as mayor of Indianapolis if you knew then what you know now as the basis of this three-year study and your work since then. How would you try to put it all together? It seems to me, that's what you're arguing has to be done – you have to put it all together nationally and in specific communities in terms of creating ecosystems, as you say, that permit the rapid scaling up of things that are truly working and the creation of a competition between those things and the things that are being politically protected – and we have seen that happen in a number of cases. I think that is the way forward – to really think about ecosystems and whole environments that have to be created as opposed to the progress of specific programs, as notable and exciting as some of those programs are, whether we're talking about City Year and its many impacts or the other social entrepreneurs. (More on City Year can be found on pages 51-52; also, see index.)

So the things that I would think about recommending more strenuously are the following: One is – and this is really a question as well as a recommendation – is it really possible to breed a new kind of political leader in the country so that the ones who are cited in the book aren't the

outliers that they are at the moment, whether we're talking about Bloomberg (pp. 200-214 in book) or Cory Booker, people who come into office apparently with a predisposition to be disruptive, to recognized the utility of competition, of inviting in the nonprofits, of challenging the way things are done. I mean, is that possible? I don't know if it is or not. I think Steve would have a better idea about that.

And if the creation of these environments rests so completely, as I think you would argue it does, Steve, on such officeholders certainly being in the executive position, is it possible to breed them in large numbers, to hold up a new model of executive governance that in a fairly short time becomes widely emulated as opposed to being the notable exception?

My next recommendation is truly self-regarding, so I'll confess at the outset that for thirteen years I was the CEO of a national housing and community development intermediary called LISC, the Local Initiatives Support Corporation. We didn't call ourselves social entrepreneurs, but the organization was one of these little nonprofits that went to national scale and became a multi-billion-dollar organization, which it still is.

It has always puzzled me that the national foundations haven't looked at the intermediary strategy more often – to create national intermediaries that have resources and expertise, can wangle invitations into the local communities, and can be a means of more rapidly spreading best practices, allowing local infrastructures to be built in certain areas that will be locally owned and operated but will benefit from national experience. What LISC was able to do in the housing and community development area was bring new money into communities, helping to overcome the not-invented-here immune reaction that many communities have to ideas from outside, to build that ecosystem, to raise standards, and to connect grassroots efforts to national sources of capital and public policy influence. It has always puzzled me why national foundations that so successfully build housing and community development intermediaries that got such great results have not brought that practice to other areas. It's something we might think about to respond to the challenges that Steve (Goldsmith) outlines.

A third recommendation is, you need local institutions that will accept the role of convener and catalyst. A very important part of this is ensuring that the necessary research is done and kept in front of the public. There has been a data revolution – public education is a great example – where it's no longer possible to have a vague but uninformed idea that things must be getting better when the data is in your face, as it is. We've had great success at the Boston Foundation in putting rather alarming data in front of the community on a regular basis about the lack of progress in public education, and then in pulling people together to catalyze a result.

One specific example that's rather powerful is in the area of college completion. Boston, for an urban school district, has prided itself for years on how many of its public school graduates went to college – a very high percentage for an urban district, over 70 percent, typically. No one had ever looked at what happens to those kids. Do they earn a degree or not? Well, we looked, with the help of Northeastern University. It turns out that very few kids are completing their degree. So we were patting ourselves on the back for college enrollments, which is a relatively meaningless and potentially downright harmful thing if it doesn't result in a college degree.

We were able to derive the following statistic by putting this college completion data, which is very precise, together with dropout data: If you are an entering ninth grader in the Boston public schools, you will have about a 7.5 percent of ever obtaining a two- or a four-year college degree. And I'm confident that that statistic, with minor variations, would apply to any of our large urban districts. This is a catastrophic finding. It shocked the community. It was on the front page of the papers and led every newscast. But the good news was, we pulled the mayor, higher education, the nonprofits, and the school system together and resolved to do something about it, and it has resulted in an extremely ambitious but well-thought-out college completion initiative, which we call Success Boston, that aims to increase by 50 and then 100 percent college graduation rates, which would take our college graduation rates above the national average for an urban district. And I'm quite confident that we can do that.

But without the entities in place that were able not only to generate the data but scheme as to how to use it to catalyze an ambitious initiative that would involve all of the relevant parties and not just a single nonprofit – not just the school system, not just an institution of higher education – the result would not have been obtained. These local institutions need to be found or built in every community if you're going to get to the ecosystem concept that I think Steve (Goldsmith) powerfully argues is necessary.

So those are a few of my thoughts. I'll just conclude with the view that education is the place to focus at this point. There is a genuine ferment. We have discovered something momentous in the last few years, in the last decade. For many, many years – and it still is with some, maybe even with some in this room – the prevailing view was, you can't expect poor children to learn in school. They bring too many problems; they don't get reinforcement at home; etc. etc. etc. We have to cure poverty, and then we'll get the results in schools.

The new orthodoxy, pioneered by the best charter school pioneers, is that there's no doubt that poverty is a huge problem, but poor kids can learn. But you need a very, very different strategy if you're going to unlock the productivity and potential of those children. It's a strategy that is extremely disruptive and threatening to the status quo in public education in this country. We've got all of the ingredients of now knowing; the body of evidence is large enough to know that these kids do not have to be trapped in poverty; they can escape, with a very, very different strategy.

We all like to say that there are no silver bullets. Well, there actually is a silver bullet, and it's educational attainment. If you get a bachelor's degree, the chances are that you're going to be in the middle class; you're not going to have children out of wedlock; you're not going to do drugs; you'll be a net contributor to the commonweal; you'll live longer and be healthier; etc. etc. etc. In other words, with educational attainment a host of seemingly intractable problems melt away.

Now, it's complicated and difficult to produce educational attainment. I'm not saying it's easy. But it should be the focus because more than anything else, educational attainment will break this terrible cycle that we are in, and we have at the moment both national leadership in the development of disruptive technologies and new pressure to adopt them on a wider basis. I think it's fertile ground, and Steve, thank you for this terrific book, which is definitely a triple.

(Applause.)

GAIL NAYOWITH: Well, I'm not going to do sports analogies. I think that the book has done some very important synthesizing of the literature on social entrepreneurship and social innovation, and that it has an incredibly interesting model that it adapts to doing all of this in a community network. It also advocates new relationships between the social sector, social entrepreneurs, government, and community, and I think that that's very important. I think the rhetoric of the book speaks to the heart and mind. I think it captures the ethos of a can-do America. I think that it talks a lot about ingenuity and building on the American legacy of civic renewal and reinvention.

But I think that it also creates a certain amount of mythology. What concerns me is the mythology of the super-entrepreneur. While we're looking to ask the community to engage in problem solving and developing creative solutions, at the same time we're putting forward individuals who are outside of our reach, perhaps. What you don't want around social innovation is a mythology that persists with little evidence or proof, and you don't want to discourage people from putting everything they have into solving shared problems.

I have a couple of other points, but I'm going to be very brief because we can talk about this in the give-and-take. I'm concerned a little bit about creating mythologies and the mystique of social innovation as the solution to structural problems in the twenty-first century social safety net. I'm not sure we have defined the problem properly yet. And so I want to talk about that a little more with all of you.

I think that there are some issues around theory, context, and practice and how you create environments that are going to produce good solutions that can be scaled and sustained. I think we have a tremendous problem around financing and sustainability, and I think the models for financing these innovations now are broken. And just as broken is our system of services, frankly, and for many of the same reasons.

And then there's this whole question of what we want in the twenty-first century. How do we want to address these problems? And I would argue that the solution to the creation of affordable housing is not the same as the solution to the creation of an effective education system, and that an intermediary that can come in, perhaps, and talk about how to create affordable housing and can go out and get private money and raise foundation money to develop housing is not the same kind of system that can figure out how to go out and raise money – sustainably – for an education system. It hasn't really worked that way even with some intermediaries, and we have a number of those educational intermediaries in New York, where I come from.

I actually thought the book was very uplifting, but at the same time I just kept feeling like I don't know whether I, as a somewhat progressive-thinking entrepreneurial-type person, am ever going to live up to the aspirational goals that Steve sets forth.

What I want to argue about a little bit today – or discuss – is trying to figure out how we deal with the proliferation of innovative projects. There are as many people who come into my office at the foundation with a social innovation as there are people in this room (about seventy), and

it's very hard to evaluate, even with good metrics and so-called evaluation, whether any of them are capable of going to scale let alone producing results. And so the question of what a social entrepreneur is and what a charismatic person is a distinction that I'm having a lot of trouble with.

So I'm going to close here and just leave these things for you to think about, and we'll discuss them a little bit more.

(Applause.)

ROBERT WOODSON, SR: Thank you. Just to elaborate a little bit, when I first met Steve (Goldsmith), he had been mayor for two years, I guess. He had invited some of his academic friends to come a year before to craft remedies to the problems, and because they had failed, we were invited. I spoke to a city-wide group of grassroots leaders, and *they* were the ones who suggested that I come back. And I said to Steve, just bring us back for half a day and let me meet with the leaders of these organizations, and if they're not impressed, then you would have just spent a little bit of money for a half day. And I think we were there for six years.

We were able to do the work because Steve was an exceptional politician; he listened to the voices of untutored people, and on Friday night he went down to the churches and to recreation centers when there was no press and no political advantage to reaching out to that constituency. And I remember him saying to me that he had a half billion dollars in infrastructure bond money, and asking how the neighborhood suffering the problems could benefit from that capital flow. And so we did outreach to the sixty-five small business owners in those low-income communities and brought them together as a chamber of commerce, if you will, so that they wouldn't have to compete with the mall owners. The city then arranged for them to receive contracts, and in turn they were required to hire neighborhood people.

And so there was a lot of civic entrepreneurship going on, and I think Steve's leadership created an environment – the privatization of public transit – and Steve was accused of privatizing a public service so that he could fire all of the black folks working there and hire his friends from the suburbs. But because he had the buy-in of the people suffering the problems in these low-income neighborhoods, they were the ones who stood with him to define “privatization” – churches and local organizations taking over the administration of parks and hiring unemployed teens to keep the parks clean so that in turn, those teens' turf consciousness transferred to the parks so they were safer. It had not only an economic benefit but a social benefit as well.

So now that I've set him up –

(Laughter.)

Let me say that in reading the book, using Paul (Grogan)'s baseball metaphor, I would give it a double. I would say that the book is excellent in identifying the problem – overprofessionalization, a service delivery system dominated by people who have a proprietary interest in maintaining the status quo. As I have said, 80 percent of all dollars spent on poor people go to those who serve poor people and ask not whether the problem is solvable, but if it's

fundable. So you've got perverse incentives for maintaining large numbers of people in poverty, and that's what the book is trying to address, I think.

But I was a little disappointed that a lot of the experiences that Steve gained in Indianapolis I did not see expressed in this book. And I was a little confused when I read the term "civic entrepreneur." I wasn't clear what that meant. On one page it talks about the difficulty of taking individual entrepreneurs' efforts to scale, and I think that's kind of dismissive.

I would like to have seen the book focus more on how the principles in our commercial marketplace can be implemented in the social marketplace. In our social marketplace, you can waste millions if it's well managed by well-intentioned, credentialed professionals, but you can't waste a dollar on anything innovative. And also in the social marketplace – I really believe that our economy is driven by the entrepreneur. And entrepreneurs tend to be C students. They come back to Harvard and endow. A students come back and teach. (Laughter.) Very smart people are adverse to risk-taking. They also have to have all of the answers before they act, and then the opportunity is gone.

Most of the social entrepreneurs are in those troubled communities, and it bothered me a little bit that when Steve talks about entrepreneurship, none of those grassroots leaders were mentioned as a source of entrepreneurship. I do not believe that people in megastructures have the ability to be entrepreneurs. I just fundamentally – I'm troubled by that. Low-income people in public housing have come in and mobilized people and sent eight hundred kids to school from one public housing development; as a consequence of what they've done – to give another example, in Philadelphia a couple took in kids – gang violence went down. You have examples of entrepreneurship that are indigenous to the communities.

I believe that megastructures have a responsibility to act as venture philanthropists by first of all going into these troubled communities and finding what's working, and then apply Miracle-Gro in the form of training. A venture capitalist looks for an honest entrepreneur, and brings capital and training so that the entrepreneurial activity moves from someone's garage to become a Fortune 500 company.

So going to scale, it seems to me, is something we ought to be spending our time and energy on, but again, we should learn from the examples given from our market economy. I'm not sure that some of the programs cited in the book as examples of civic entrepreneurship, such as the Amachi program (see p. 14) fit that model. And the question I have is, if the program leaves, what is left? Entrepreneurship by my definition, the commercial definition, takes a basic principle of wealth creation, takes it into a community, and gives it time to germinate so that the people who implement the entrepreneurial activity are able to improve on it.

In the early 1950s a computer occupied a room this size in the physics department of the University of Pennsylvania. The traditional way that society has responded to need has been to subsidize access – at a great cost. But the marketplace subsidizes innovation and competition. Traditionally, competition in the social marketplace has been called "duplication of service." But in our commercial marketplace, now, all the memory that was contained in that room at Penn is contained in one computer chip.

And so it seems to me, Steve, that some time and attention needs to be given first of all – rather than just supporting mega-organizations and defining them as entrepreneurs, we should go to the communities suffering the problems and act as a Geiger counter, and find out what the social entrepreneurs there are doing, and how they are accomplishing it. What is it they're doing in microcosm that could be scaled up?

We have examples from our organization, the Corporation for Neighborhood Enterprise, in our efforts to reduce youth violence.<sup>2</sup> We're in thirty-six schools in six cities. We only go to the most dangerous schools, and we employ indigenous leaders who are respected by the kids. They are in those schools working with their staff. They are moral mentors and character coaches. Their characters have changed; the leadership characteristics they once employed for doing harm are now doing good. And so we've been able to reduce violence by 25 percent in three months, according to an evaluation of our work from Baylor University. In one of the most dangerous schools in Baltimore – a school fed by fifteen group homes, a school in which a third of the kids have special needs – we went from 186 violent incidents down to 4 in less than one year.

Those are the kind of outcomes that are characteristic of an effective entrepreneur, it seems to me. And the challenge, for those of us on the outside, is to find a way to go around those neighborhoods and look for people like that and determine what kind of capacity they need. How can we use our skills, our experience, and our political influence to embrace what they have done and, like a venture capitalist, help them grow, so that what is solving violence in 36 schools can move to 136 schools, and on?

I hope that we can discuss this. Thank you.

(Applause.)

WILLIAM SCHAMBRA: I have a couple of questions, but Steve (Goldsmith), if you want to respond before I ask those questions, that would be great.

STEPHEN GOLDSMITH: Well, the first thing I learned is that when the speaker starts with a compliment about me, I'm in trouble.

(Laughter.)

ROBERT WOODSON: I told you it was a set up!

STEPHEN GOLDSMITH: Gail was more mild and treated me better than my friends.

(Laughter.)

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<sup>2</sup> Visit the Center for Neighborhood Enterprise's web site at [http://www.cneonline.org/pages/Violence-Free\\_Zone](http://www.cneonline.org/pages/Violence-Free_Zone) for more information on Violence Free Zones.

STEPHEN GOLDSMITH: Well, I've got a lot of comments, and actually I thought a lot of the points were really good. Let me just make a couple of responses. First, Paul (Grogan)'s list was just terrific. Let me agree with a couple and slightly disagree with one.

The issue of whether we can breed more risk takers in the political space is *the* issue, I think, and I'm much more sanguine about that at the local level than I am at the national level. There's an interesting set of mayors and a few governors, and maybe it's because nothing concentrates the mind so much as the thought of hanging. Problems are so bad that you *have to* innovate; there is a chance. And at the city level, life tends to be a bit more pragmatic. You really do need to find a solution. So I'm somewhat hopeful about that.

I think that the problem, though, is that it takes a person who looks at the political process as a means to an end, and the end is to deliver public value in the community. A particular election outcome is *not* the definition of success. It's not just the nonprofits taking over or the unions taking over; it's people everywhere who have a commitment to the status quo, and they react to change in a very visceral way. And those who will benefit are inchoate or don't know it, and they need to be organized. So the question of how you breed that is a really important one.

Secondly, I look at intermediaries, and I really do think – despite this overwhelming desire I have to criticize Paul about something (laughter) – that LISC is really a great model. It's an entrepreneurial organization that has produced a lot of local results. I think there is a lot to be said for the LISC model. The President's Social Innovation Fund is going to fund intermediaries, which are going to fund subcategories. President Bush tried to do that with the Compassion Capital Fund, which kind of worked and kind of didn't.

But I think that the intermediary issue is key – because one of the problems is, we can't really expect a local nonprofit to be really good at everything. They can be good at knowing their community but not so good at how to do complicated financing. So I thought that was a really important issue.

There were just a lot of really good comments, both Bob (Woodson)'s comment and the mythology comment that Gail (Nayowith) made, but let me just say, finally, that I do think there is a problem – and that is, we have a supply of ideas from really creative, well-regarded social innovators and not enough demand for change. So, we have a supply “hammer” looking for a problem “nail,” and the problem is not manifesting itself through the community well enough.

And I would just like to suggest that the definition of “social entrepreneur” is not necessarily the Wendy Kopps (founder of Teach for America). I hope it will be the folks that Bob Woodson trained in my community, whose innovation is to organize a virtual march on city hall, to organize folks around a solution, to demand third-grade reading at grade level.

I would like to have the social entrepreneur movement be a demand-side movement as well as a supply-side movement, and then we can match those up.

WILLIAM SCHAMBRA: One of the questions I was going to put to you, Steve, goes to Gail's really insightful remark about that myth of the “social entrepreneur,” because now there are a

dozen names of people and organizations that are thrown about any time the words “social entrepreneur” or “civic entrepreneur” come up. And I think Gail makes a very good point, which is that this is a model that, to be honest, very few people are going to be able to reach. It’s an extraordinary set of circumstances that went into these successes. Harlem Children’s Zone, for instance, which is one of those golden dozen or so, flourished at a time when Wall Street was flush with cash and the financial sector was willing to put that money into Harlem Children’s Zone. We often overlook these really critical events that occurred to make these organizations so successful.

But Bob’s point – and this goes to Steve’s response – was, you know, it’s not so much creating demand in the central city, in the sense of voters or marches on city hall, as it is looking for the folks who are actually solving the problems already, for themselves. And they’re not the Geoffrey Canadas (president and CEO of Harlem Children’s Zone) or the Wendy Kopps; they are everyday folks who are solving problems not for the nation or twelve replication sites, but for this four-block area. And that’s pretty good. And small foundations and donors might do well to pay attention to that.

Now, Steve (Goldsmith), I think maybe you’re trying to solve a different kind of problem from that. To your credit, you’re trying to figure out how to take that kind of activity and disrupt this entrenched and sclerotic ecosystem. But nonetheless, I wonder if there isn’t something to Gail’s question.

ROBERT WOODSON: Well, can I just correct something? The people who were in the march on city hall didn’t demand anything. What we do is to demonstrate that we have a market exchange that takes place. If a principal of a school says that every week a child was transported from his school to the hospital, injured in a fight, but since the Violence Free Zone has been there he hasn’t had a single child transported, we (at the Center for Neighborhood Enterprise) attach a number, a cost versus benefit, to that. If he is saying that it costs us \$6,000 to expel a student, and expulsions are down by 50 percent, we attached a number to that. And so as a consequence, when we go to talk with a budget committee of a school, we present our findings that the Baylor Institute (for Studies of Religion) has. We show our cost versus benefit.

So the school system has now signed a \$1.7 million contract with us, together with private funding. That’s the kind of relationship, when you talk about sustainability. That uses more of a business model. It isn’t contingent upon charity. It isn’t contingent on political forces. We made a compelling case because everybody from janitors and principals to judges was sitting at the budget committee meeting shaking their heads in support of it. And it seems to me that that’s the kind of civic demand that you can create, and that will compel the kind of change Steve is talking about. And there are other examples like that.

Now, some of these mega-institutions that Steve mentions are in competition with funds for groups like that. It’s not difficult, when you are a retired general, to get foundation support –

WILLIAM SCHAMBRA: Any retired general in particular?

ROBERT WOODSON: *Any* retired general. (Laughter.)

GAIL NAYOWITH: The other thing that I think is really complicated is this whole notion of “creative destruction,” this whole discussion of disruption. I mean, we all like to be troublemakers. People like to stir the pot. The theorist Schumpeter came up with this idea, but it feels a little bit overdetermined when it comes to human services. Most people don’t think of themselves that way. And I’m trying to think of an analogy – because I don’t have a sports analogy. (Laughter.) So my analogy is, because there’s a grain of sand in every oyster, it does not produce a pearl.

The question for me is, how do you take the needs of the community and translate that into a solution that people can live with? How do you create an environment where that can be sustained over time and paid for? That is the real challenge. Government money is not going to pay for everything. It’s just not going to. And some of the mediating structures have really disrupted these traditional mutual-aid relationships, and that’s very complicated in a community because we’ve left the communities worse off than they might have been if they had been left to their own devices.

STEPHEN GOLDSMITH: I’m not sure what the question was, but I have an answer nevertheless. (Laughter.) Let me comment about Bob (Woodson) first.

The book is an approach, right? It isn’t a Bill-Galston-controlled experiment about (inaudible) works, to take an idle example from the back of the room. (William Galston was among the audience.) So it’s an approach. But the bias in the approach is that the entrepreneurs I look at are ones who see the individuals they’re trying to help as assets, as Bob Woodson does, not as problems to be ameliorated. And the folks I hold up are individuals who recognize that.

Frankly, that comes to me from the fact that I began my public career in child support. So every AFDC mom was my client, and they did not fit the stereotypes.<sup>3</sup> Virtually all of them wanted to be successes. And if I spent enough time trying to figure out what the problem was – (inaudible) or domestic violence or lack of education – I could solve that problem. And they wanted those problems solved.

I’ve tried to look at organizations that intervene in a way that provides opportunities to (inaudible) and ameliorate the problems. I think that brings us a little bit closer to a common ground.

(Panelists nod in agreement.)

WILLIAM SCHAMBRA: Steve, I would love for you just to take a stab at that “chapter in the paperback edition” that Paul (Grogan) suggested. I should add a declaration of interest on my part; I was working at the Bradley Foundation in Milwaukee at the time when Mayor Goldsmith was in office in Indianapolis, and we indeed funded that terrific project, the Front Porch Alliance, that he initiated there. And everything that I saw that you were funding there fit the Woodson model, precisely because you had folks on your staff who did spend time going into

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<sup>3</sup> AFDC = the federal assistance program Aid to Families with Dependent Children, replaced by Temporary Assistance for Needy Families (TANF) in 1996.

the central city and finding really powerful community leaders who were tackling problems in the community that regular social service providers were ignoring.

Having now added the research, the subsequent experience at Harvard and the wonderful Corporation for National and Community Service, and all of the various things that you've learned, Steve, what would you –

STEPHEN GOLDSMITH: I'm tempted to say – well, Paul is on the board of the foundation that funded my book, and I'd be delighted if they would fund the sequel, too. (Laughter.) So I don't want to just disclose the answer as if it required no additional funding or anything! (Laughter.)

Let me try to do this as quickly as I can. I don't want to steal somebody else's approach, but I've got this flywheel in mind (shown below and on p. 19 in the book, as well as at the beginning of several subsequent chapters). It's a community, and in the center is public value and social change. The definition of "public value" is a little bit confusing, and I'll come back to getting that definition right in a second. In the next ring out are local institutions – United Way, community foundations, and people like Gail, folks who assert a positive and beneficial influence, often with labor but often with money. In the next circle out are national foundations, whether they're Casey or Ford or advocacy groups. Now, at the center of the circle I'm trying to look at creating more momentum for social change.



And my answer to Paul (Grogan) would be, you don't need everybody in the community to create that space. You just need some set of activists. And you can have a leader like (Michael) Bloomberg and somebody like Gail (Nayowith), or you could have Bradley deciding that we're going to have vouchers. The Bradley example in Milwaukee – as you know, Bill (Schambra), because you were there – regardless of whether you agree with vouchers or not is a way to create social change.

So I'm looking at this flywheel – that's point one.

Point two is, I think there is a problem identifying public value that ought to come first in terms of this social entrepreneur idea. Gail and Linda Gibbs worked together in New York City, and I think the Linda Gibbs-model is interesting in this regard, because she was leading the homeless agency and woke up one day and realized that everyone in her agency thought it was their job to provide shelter and care for the homeless, but that's *not* their job. Their job is to stop homelessness. And they're actually not at all the same thing. More shelter care brings more homeless – that's what happened in New York City at the time. So you've got to get the public value strategy right.<sup>4</sup>

Next, I think one of the reasons I was so delighted to have the funding in Indianapolis from the Bradley Foundation is because I'm trying to look at governments' role with respect to a resurgent civil society, not to displace civil society. Today we have, I think, a very large reservoir of individuals in all of our communities who are interested in service and participation in civil society. But we have these broken pipelines between folks who need and folks who don't. The Corporation for National and Community Service, as you know, is kind of in that role, as well as local organizations. So, the long answer is, I think you take philanthropic capital and political leadership; you make it performance driven; you get the public value definition right; and then you unlock these resources in civil society.

And I would say – I don't know if Gail would agree or not – but I actually think that Michael Bloomberg and to some extent the school reform changes in New York City are pretty good examples of a big system at least appreciating the role of social innovation.

The rest of what I have to say will come after your check, Paul. (Laughter.)

TODD WIGGINS, Urban Revival Media: I'm very interested in this subject and I'm glad to meet all of you. Mr. Goldsmith, have you thought about going into the internet with your product in the sense of creating a video or making some kind of visual aspect of the book, once you, of course, deal with some of the solutions and want to come out with another version. Can you take that and develop it into something that younger folks might appreciate; they're not reading as much as they used to, being that YouTube is dominating our society.

And secondly, obviously all of the things that you were talking about are essential for people who live in the District of Columbia. You talk about homelessness, and it's still one of the most

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<sup>4</sup> See Chapter 4 in the book for more on the problem for institutions of identifying the public value, and Chapters 4 and 6 for examples of how it has been overcome. Pages 106-109 in Chapter 4 show the Gibbs model in particular.

of the most complicated issues; you can get people homes, but are they ready to accept them if there isn't anyone to mentor over them as they live in their apartments?

So if you can solve any of these problems, please let our mayor know about it, and our president!

(Laughter.)

STEPHEN GOLDSMITH: The observations are good, but I'm not sure I have much to add on the question.

WILLIAM SCHAMBRA: Let me pick up on this – and it falls into the category of social disruption and the fate of folks who are social disruptors. Of course, chancellor of the District of Columbia school system, Michelle Rhee, is cited in Steve's book as an admirable social disruptor of sorts (pp. 90-96). And yet, as we already know, one of the candidates for mayor in this coming election has more or less announced that her tenure will be on the line if he wins. Now, I have no idea what the polls are showing about who is going to win, but that does raise this question, right? I mean, this was an extraordinary event in DC, as Steve pointed out in the book. It was an alignment of a mayor, Adrian Fenty, and a chancellor of schools – who came up through Teach for America, Wendy Kopp's organization. So this is a really terrific example of something that Steve was pointing to in the book, and yet it's on the verge of extinction.

STEPHEN GOLDSMITH: Right. I think those tie together nicely. So – well, I don't want to dominate the conversation –

WILLIAM SCHAMBRA: No, please – it's your book!

STEPHEN GOLDSMITH: So let's think about this in a few different ways. First of all, I'm not – let me stay away from pedagogy for now, and whether Diane Ravitch or Joel Klein is right. Let me just talk about change for a second. A couple of things are interesting about the Michelle Rhee/Adrian Fenty story, I think. One, he did what Paul (Grogan) suggested. Whether you're for or against Michelle, Adrian told her that he was going to bring her to town and provide the political cover, and she should go and make change. Somebody has got to do that in a community. Mayors are really good people to do it. And when I talked to Michelle, she said that she looked him in the eye and wouldn't have taken the job, had he not promised to do that – and every time she needed him to do that, he did it. So that's one thing.

Secondly, on the public sector side too many school superintendents and too many mayors – but let's just deal with school superintendents – view their job as running a system. Rhee views her job as educating the kids who live in the District. And to her, in that regard, if she brought in new leaders for new schools – if she brought in Teach for America or if she got her relationship with the union right, and maybe she did yesterday, but maybe she didn't – those are inside-out *and* outside-in innovations. Joel Klein has done a lot of that in New York City (as chancellor of the city's schools, see pp. 203-214).

Now, the good news about this is that it's space for change. The bad news about it is, if Mayor Fenty loses and Vincent Gray wins, and she may be out, then you're left with a school system

that – well, in Indianapolis a lot of people said, mayors come and go but we stay around, and we're going to go back to the way we were doing things when you're gone.

So, that is a risk.

PAUL GROGAN: There's another part of this story that I think is important in light of our topic. What set the stage for the Fenty/Rhee story was competition from charter schools. Michelle will tell you that there is no way that mayoral control of the schools would have been achieved without the large scale exodus from that system that was occurring. It's always puzzled me why more mayors and school superintendents aren't charter advocates, because that is what will allow them to drive change inside the system. There has been one demonstration of that after another, and yet we're still in a situation where I think most of the mayors and most of the big-city school superintendents are anti-charter school. It's just totally counterproductive to driving change. And it's very discouraging in terms of having this new breed emerge who should in fact not only welcome disruptive competition, they should be orchestrating it themselves as a way to overcome internal resistance to change. There are too few people doing it.

DAVID STOESZ, policyAmerica: I have a question about disruptive innovations – it relates to poverty. If charter schools have been instrumental in breaking up the public education monopoly, couldn't we charter welfare organizations to break the public welfare monopoly? Specifically, couldn't we replace them with community credit unions that could provide essential financial services and capitalize community projects, in the process celebrating the upward mobility of low-income people rather than trapping them in poverty?

PAUL GROGAN: I think it's a great idea – absolutely! You've got to authorize alternative delivery systems wherever you can, and one of the tremendous contributions that social entrepreneurs – who have been trashed up here a little bit today, but Boston is a hotbed so I've got to defend them (laughter) – have made is a seriousness about actually solving problems and having metrics right from the beginning, and being very transparent about it, and being willing to be measured on results. I don't think you can underestimate the contribution that is making to thinking in the philanthropic and nonprofit world.

So if you can accompany this alternative in the charter schools – I mean, with the data revolution there's just so much data, and one of the great things we have in Massachusetts, where I think we have the best chartering law and some of the strongest charters, is, if the charters don't perform they're shut down after five years. And they have been. And that has really sent a message of serious accountability.

And so if you can, with your idea with the alternative welfare system, charter these entities and give them – let them go solve the problem the way they want to, but under a regime of real accountability – you know, here are the results we expect – that's the direction in which we have to go.

And it goes to school funding. One of the huge problems with the way urban public school systems are organized now is that almost no decisions are made at the building level. Between the dictates of the central bureaucracy and these incredibly prescriptive teachers' contracts – the

Boston teachers' union contract is 250 pages long with a 40-page appendix – the idea of running an innovative enterprise on that basis that has a very tough job is just preposterous on its face.

But when you confer, as charters do and as some experiments in industry are doing now, power over personnel, budgets, the school day, the school calendar at the building level, those educators will do amazing things with that freedom. You do that instead of prescribing how they're to use the money and taking them out of the decision making. And you make them responsible for the results.

ROBERT WOODSON: I have one quick point on that: Bob Friedman at the Corporation for Enterprise Development twenty years ago did a great job of pioneering income-transfer reinvestment, where people would take welfare benefits and use them to even start small businesses. That was done in Great Britain, too. That's an example of where we need to be headed in terms of innovation.

STEPHEN GOLDSMITH: I agree with both Paul and Bob. So one way to think about this would be to say, there are obstacles or risks that prevent some individuals from participating in a market economy. Generally those risks are overpriced. We use the example in the book of Greystone Bakery, which took a lot of offenders and put them to work baking brownies (pp. 173-177, 180). In Indianapolis, the risks were that young, adult, African-American males looked wrong for employers; there was a risk associated with people profiling based on the way they looked. And if somebody in Indianapolis hired those guys and trained them a little bit, like a labor pool loaned to the employer, and if they performed, then they were hired, the group in the middle took the risk, right? They disintermediated that risk.

When Jeremy Nowak did his fresh food grocery store – he's a CDFI in Philadelphia – he essentially looked at the market, understood the market, took part of the risk out, and made the market work (pp. 177-179). So – I see David Gogol there (in the audience); your client with the automobiles –

DAVID GOGOL, B&D Consulting (from the audience): Ways to Work (<http://www.waystowork.com/>, featured in the book on p. 176).

STEPHEN GOLDSMITH: Ways to Work – right. So one of the reasons people don't work is because they don't have cars; they don't have a way to work.

So I think there's a lot to be said for social innovation that makes the marketplace work, and we actually talked about charter welfare agencies, Bill (Schambra), back when you were at the Bradley Foundation and I was in Indianapolis. We talked about agencies getting out of the business they were in, which was paying for the problems, and try to become part of the solution.

JULEANNA GLOVER, Ashcroft Group: I would like to ask how you all view implementing performance-based, results-oriented benchmarks or requirements at the federal level for the various nonprofits that do end up taking federal funding. It seems, in this bipartisan environment, there is really an opportunity, given the high deficits, etc., etc., for both Republicans and Democrats to get behind reprogramming money for, say, the lowest-performing 10 percent of

organizations that receive federal funds, and spending that money on organizations that are successful.

GAIL NAYOWITH: As soon as possible. (Laughter.)

JULEANNA GLOVER: What is the vehicle for that, though – is it an executive order?

ROBERT WOODSON: That's supposed to be in place now, right?

STEPHEN GOLDSMITH: This is such an obvious question, right? All four of us said yes instantly. But none of us actually knows how to do it. (Laughter.) So I'll make a couple of quick observations. One, I think that in the social service area, there's always an excuse for performance failure. There's always a reason why the surgery worked and the patient died anyway. Always. So that makes it difficult.

Second, I don't think the problem is the president or the mayor or governor. I think the problem tends to be the legislative body, the appropriations committees. Ask yourself, irrespective of whether you believe in Head Start or not, why it is that the bottom 15 percent that are generally agreed to be really bad Head Starts continue to exist despite the evidence. Or, most of the research reflects that the myriad of job-training programs produce actually no jobs. Fill in the blank – right? I think the President has advocated some performance budgeting for the 21st Century Community Learning Center (21stCCLC) dollars. So you can agree, and it's necessary, but I think the legislative branch is the problem.

Now, last real quick answer: I'm all for this performance stuff, I've told the President. I'm a volunteer chair of the Corporation for National and Community Service, and I've been told that we should have performance requirements. And it seems like a really good idea until I actually have to do them. (Laughter.) So now we have to put in each one of our grants' performance standards. Now, this is really good – but *really* complicated. We're trying to figure out what we should say. And I think where we'll end up, in illustration, is the following: If it appears that reading at grade level in third, fourth, and fifth grade is a really good proxy for high school graduation, then our measurement will be an output, it won't be an outcome. Our measurement will be whether the kids you are affecting read at grade level at the end of the year you're involved with – because we can't really afford ten years of funding before we find out whether they've succeeded or not.

So as much as we – particularly we who are academics – talk about outcomes, I really think what we're looking for are output performance standards that can be embedded in the competitive process, and then we can try to get Congress to do away with the programs that aren't working and (inaudible) the dollars.

WILLIAM SCHAMBRA: Going back to your initial reaction, the virtue of the book is precisely that it takes the easy answers that we all have for things like transferring money from poorly performing groups to better performing groups, and tries seriously to wrestle with that. That struck me. And it reflects conversations we've had over the years and our mutual experience at the Corporation for National Community Service, wrestling with those problems. If anything,

you understate the degree of resistance to asking for performance standards; it's an enormous uprising of resistance, starting with the groups themselves and extending up through your own bureaucracy. And other than the two or three people gathered around your immediate office, everyone is opposed to that idea – well, the research and evaluation folks are in favor of it, but that's about it. (Laughter.)

JAMES JONES, 360 Sustainability Group: I participated in a program that I know Mr. Grogan is really familiar with; it was a fellowship on collaborative leadership at the University of Massachusetts' Center for Collaborative Leadership. We quickly learned – because part of the cohort certainly represented business, a part represented the public sector, and a third part represented government – that we had a lot to learn from each other. Through efforts like that of the Boston Foundation, which brought together programs and key stakeholders, how do we facilitate and foster the convening of those stakeholders so that we can not only learn from each other, but also apply it in practice?

In corporate giving there is such a duplication of giving to so many different programs. You see so many other areas where there is a proliferation of programs that could be focused. How do we bring together people to focus those energies, to really affect transformational change? Who do you think should be taking the lead – the federal government and national organizations, the White House Office of Social Innovation, or local organizations, communities, and governments?

PAUL GROGAN: Well, I don't think you can do it at the national level. You can elevate it as an important value and preach it, but as I said in my opening remarks, it's essential to have institutions that are routinely providing space and incentive for people across the sectors to come together and to get involved; providing that kind of invitation for busy people; and overcoming that sense of helplessness that people often have – they don't think they can make a difference; they're too busy, or the problems are too complicated.

One of the remarkable mysteries of our system is that for all that's wrong with it, all of the money, the cynicism in politics, you can still move the needle with genuine, credible external participation, whether it's grassroots, business, civic participation, or a combination thereof. It surprises people that that is in fact the case. In Massachusetts, to give a rather vivid example, we just went through a titanic battle to get a major education reform bill passed – which we did. All of the entrenched interests were opposed to it, but we succeeded in rallying a very large and diverse coalition to push for this bill.

During these packed legislative hearings, panels of witnesses would be called up. And of course, the interest groups had their representatives – that's all they had; there were no citizens testifying with them. And they would give their speeches, and the legislators would say thank you very much – no questions – thank you very much. And then when the citizens got up there, they were peppered with questions. It was striking. Our first panel was up there for nearly an hour. And they had *hundreds* of people to hear from.

And I think it just shows that our legislators, who are – I agree with Steve (Goldsmith) – more the problem, spend their entire day hearing from interest groups. That's their life. And when

someone comes in who isn't an interest group or doesn't have a personal or institutional benefit that they're seeking, but is just involving himself or herself in an issue, it's almost a matter of curiosity. (Laughter.) But it has an impact.

I think one of the problems is that we've lost our belief in that. We don't really understand that that can still happen, and can be very, very powerful in changing the choices that elected officials think they have. Obviously, what the interest groups try to do is narrow the choices and construct a box where everything that you can think about doing is in this box. The trick is to blow the box up and bring them something very different.

So in our case – and thank you for the commercial – we at the Boston Foundation spend an awful lot of time doing that, and the pay-off has been immense, I think, on a whole series of things we've been working on. And the other thing that's interesting is that – to go to the persistence theme for Bob (Woodson) – we're mixing the elites with the grassroots groups, and they love that. Everybody loves that. You get everyone in the same room – neighborhood leaders, business leaders, people from all walks of life – and there's a power in that, too. When those people are together – when you've got the whole range saying, this is what we have to do – it's amazing.

We've got to rally around that. It's an old idea. It's not a new idea. But in a new context, it's even more important than ever.

GAIL NAYOWITH: The literature also talks a lot about social *intrapreneurs*, people imbedded in the institutions themselves who are change agents. So the idea could be that there are people in the government agencies and in the nonprofits who can also see change and create networks and bring people together as well. It's not like waiting for the messiah. It doesn't have to be from the government. When the recession hit in New York, we tried to rally the nonprofits to figure out how to have a conversation about how people were going to survive, and how the work would continue in the community. The resources and the wherewithal weren't there. It took the government to do it. Now, that's a very sad commentary – that you have to have city government to bring nonprofits together to talk about the survival of nonprofits.

ROBERT WOODSON: Let me just add a footnote – again, going back to history, Steve (Goldsmith). When we came in, we not only did training for grassroots leaders, but also your senior staff and your administration were required to come to workshops and hear the neighborhood leaders we had there. They came reluctantly, but left excited – because we talked to them not as bureaucrats but as citizens of Indianapolis. And when we talked to them like that, we got an enormous amount of help; they helped us through the bureaucracy, as a consequence. We also did some training for business leaders as well, bringing grassroots leaders into those kinds of meetings.

So it really did work to relieve some of the stress that we had dealing with the bureaucracy when we appealed to them as citizens and not as bureaucrats.

PABLO EISENBERG, Georgetown Public Policy Institute: I have a higher education question. All of you cited the need to breed innovative, gutsy, risk-taking political leadership. I might add that that holds true for nonprofit leaders, who lack those very qualities as well. What's your

sense of the extent to which universities and colleges can socialize that type of leadership? What's their role? In my view, they've failed miserably so far. To what extent can they in fact empower the type of grassroots leadership that Bob (Woodson) talks about?

So, again, what is the role of universities and colleges in what you say ought to happen?

ROBERT WOODSON: Let me just say that we had the assistance of the social sciences department at the University of Pennsylvania, who came out and spent time with us, and Baylor University. They really served to validate us; they actually came and spent time with us, and they gave us insights as to what we were doing and the larger implications, what it meant. Especially with their ability to analyze and evaluate, they really enhanced our own understanding of what we were doing.

PAUL GROGAN: Well, we have a few colleges and universities in Boston, and Pablo (Eisenberg), I think there has been kind of an interesting development that I wouldn't declare a victory in your terms, yet, but within the last decade a whole set of mostly university-based think tanks have been started in Boston that focus exclusively on local and regional issues. They literally didn't exist ten years ago, and now we've got a whole bunch and they are very, very good. And on the one hand, what they're doing – and we're big consumers of this at the foundation – is, they're providing first-class research on the big issues and challenges facing our community, and so we're really getting the intellectual firepower from a growing number of the universities.

But of course, they're deeply involving their students in all of this work. And local work is really exciting. I think it's going to result in a stream of very talented young people coming out of those who did research and various projects in association with those think tanks, and met the mayor and met community leaders and got excited about the neighborhoods and what was going on – and we've seen some of that already.

So I think all of us, whatever city we're in, ought to be pushing for one form of contribution higher education needs to make to their communities – it's not payments in lieu of taxes; I'm not in favor of that. What I am in favor of is them devoting a portion of that intellectual firepower to local issues. I think that that leads in a lot of good directions.

GAIL NAYOWITH: The other place that that's starting to be discussed is related to national and community service. Instead of just having the college students going out into the community only to work in a soup kitchen, there are other ways of deploying these young people, with all of the talents and assets of the institution behind them, to really go out and look at problems and begin to solve them and ask hard questions.

I always found, when I was running a nonprofit, that having young people come in for internships or to do specific projects forced us to look at our work, and forced us to look at our impact in a very different way – and you couldn't really hide behind it.

As for your question about what the universities can do to enrich that, I spent a fair amount of time in preparation for this panel on the *Stanford Social Innovation Review* web site, and I saw

that these young people are debating these issues with each other, often from a business perspective, often related to international development and global poverty and other kinds of issues. We could do more to stimulate those kinds of discussions and elevate practice.

SONYA CLAY, Corporation for Enterprise Development (CFED): I work with CFED, the organization Mr. Woodson talked about in terms of social innovation, and it's also mentioned in the book (pp. 171-172). My question has to do with not so much innovative ideas, but cutting-edge ideas from a larger social perspective, and how to address that. There are lots of traditional ideas and approaches with regard to harm reduction in the health field as well as criminal justice – ideas such as rehabilitation. These are not cutting-edge ideas, but they work. How do the panelists think that we should approach those ideas – ideas that are not new, not traditional, but just not popular?

ROBERT WOODSON: You're right. Most of the groups we work with aren't doing anything new with kids; it's just *who* is doing it. Most people, when they think about – for instance – drug addicts, think about treatments like traditional psychiatry or therapy. They don't think of looking at faith-based providers, and in many cases those groups can be much more effective. So, you're right. It's important to acknowledge that. It isn't so important *what* is done, necessarily, but *who* is doing it.

GAIL NAYOWITH: I think you raise an interesting point, because even if a new innovation is invented, the question of sustaining it, scaling it, and maintaining it over the long term without an ongoing source of revenue and a payment mechanism that does that is a problem. Part of the problem is that with many of these interventions, even if they're proven effective, there's no way to pay for them.

ROBERT WOODSON: Then the question I ask, then, in terms of the universities – it seems to me that there are certain policies that could be changed to correct that. For instance, I've been asking for a long time why faith-based drug and alcohol treatment programs can't receive third-party payments from health care providers. If we were to allow this, perhaps it could be a stream of income for them, but it's seldom discussed. So we need to be looking at how non-traditional providers can receive payment from some traditional third-party sources.

STEPHEN GOLDSMITH: I have a couple of quick comments. So, one, we could at least imagine a community that cares about performance, and that says, we're going to create a culture of performance across philanthropy, United Way, community foundations, and private (inaudible). It doesn't mean there has to be consensus on what to do, but that we're going to have an agreement that we're going to fund performance, and we're going to repurpose the dollars of donors. And then let's kind of mix government and nonprofit funding, and say, okay, we'll take a sunset approach – the Texas Sunset Advisory Commission – and every agency is going to sunset every three years from these funding resources. And I don't mean sunseting the way they do now, which is, three years and you're out; rather, we're going to evaluate whether you are meeting your mission. So we create this culture for more repurposing of dollars.

Last – and this is my Republicanism, there's a lot to be said for actually having an innovation market that's created by people whom you're trying to help have choices. So we could transfer

the money and choice decisions to those who need the help, which will create a marketplace for innovation more directly than the way we're doing it now. So, we've got to arrange the tools to reward success even if your idea is not novel.

PAUL GROGRAN: Retro.

STEPHEN GOLDSMITH: Retro. (Laughter.)

NANCY RUBIN, Women for Women International, formerly Ambassador to the UN Human Rights Commission: My organization is an international organization training tens of thousands of woman all over the world. With a fresh canvas and not a lot of dollars for "leadership training for innovation" – forgive me if I'm asking a question you've already addressed, but – could you synthesize on this fresh canvas for people who are really community-based leaders but have not yet had the training to be innovative leaders, what is the profile, in brief, that could be taught as part of "leadership training"?

STEPHEN GOLDSMITH: So... Is that it – is that all there is to your question?

(Laughter.)

WILLIAM SCHAMBRA: Well, it's a terrific question, and actually, Bob (Woodson) and I have discussed it over the years. The question is, are there things that you can teach? If one were to read this book or any number of other books on a similar topic, are there in fact principles that could be extracted and imparted to young people who have a kind of a passion for the work but not necessarily all of the tools that they need, or are these leadership characteristics *there* in people, and it's our obligation to find those folks and readjust our understanding of what leadership is in response to what the community is demonstrating they clearly like, by way of leadership? If I may impose my gloss on your question, Nancy – and I tend to fall on the "discovery" as opposed to the "teaching" side, I confess.

ROBERT WOODSON: What we did is, we brought fifty grassroots leaders from all over the country, of different ethnic backgrounds, and we spent three days asking them what the challenges they face were. And we listed them – we didn't call them problems, we called them challenges. And then we developed our training curriculum based on what they told us the challenges to overcome are. Then we began to train them on responses to those challenges.

When we came to Indianapolis, they were warring with themselves, fighting with themselves, right, Steve? Ethnic differences, and the mayor is trying to exploit us, they said. And I brought them all together, and I said, people can always take advantage of people who are ignorant. All this mayor has to do is give you all the money that you want, and have you list all of the things that you want to do, and then leave you alone and come back a year later with an auditor, the police, and the press. And he would put 80 percent of you out of business.

Well, boy, they looked up. And we had a six-year relationship after that, because that got their attention; these were realities for them. They realized that visionary entrepreneurs tend to be very poor bookkeepers and very poor managers, and what they want more than anything else is to be

able to be responsible and good stewards. That's their fundamental desire, and we provided them with some tools. But we first had to get their attention by helping them to challenge some of their myths about what leadership is. Leadership is not complaining about what someone is trying to do to you. And that's the way a lot of them are.

NANCY RUBIN: Can I just put a finer point on my question, innovation being the key word? Are there any shortcuts to this visioning, trying to become –

STEPHEN GOLDSMITH: When you first asked the question, I was going to say, I don't think my goal is necessarily to make everybody a leader. Occasionally there has to be somebody in a group who is not a leader.

ROBERT WOODSON: Right.

STEPHEN GOLDSMITH: But innovation – you could be a leader in innovation. And these questions are very complicated, but one way would be to back out of your activities and try a little test. I used to do this – I'd walk desk to desk in the city government in Indianapolis and ask what the public value is that each staff person was trying to create. And every single time, the first time I did this, the employee would give me an activity they were trying to accomplish, *not* a public value they were trying to create, and – just to simplify this – move the files in the morning from the left side of the desk to the right side of the desk, or whatever the case may be.

And so when you start this process – because whether you're a nonprofit or you're the government, you're actually going to do a public service, so you ask employees, what is the value that they're trying to create – that creates a dynamic, and eventually you agree on the answer, and then once you agree on the answer, you can lead people to a more effective way to produce the value almost every single time.

So one way to create an innovation is, somebody stimulate a conversation that backs people out of the routine of their activities, and ask people about the big picture of what they're doing. There are lots of examples of people who have done that – we don't have time to go into them – and they don't have to be the mayor or Bob Woodson.<sup>5</sup>

ROBERT WOODSON: That's right.

STEPHEN GOLDSMITH: They can be embedded in the organization. The anti-violence Boston Gun Project, which was well-regarded in its time, was started by a mid-level probation supervisor who recognized that they weren't accomplishing anything, the way they were doing activities. So that would be one way.

As we looked at folks, there are people who have an idea about what they want to accomplish, and they're relentless and passionate about trying to get there, whether they're doing it through creating a demand for it or providing a solution. And that might be the next answer for the innovative leaders, that you actually (inaudible) the innovator.

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<sup>5</sup> See Chapter 4 in the book for more on the problem for institutions of identifying the public value, and Chapters 4 and 6 for examples of how it has been overcome. See also "public value" in the book's index.

WILLIAM SCHAMBRA: One last question?

SALLY KANE: I'm a trained microeconomist, so I appreciate what I've heard today about effective markets and trying to increase demand, looking at what's coming by way of supply. But I think that some of what I've heard today really falls under this category of the interaction between social and cultural change – so it's behavior. So I was very struck by Mr. Woodson's comments about how you see change embedded in the community. And I wonder if anybody has heard about the model of positive deviance, which came from the Ford Foundation. So allow me just to mention, for a second – and please correct me if any of it is off – I believe this is a model that came from people's work in the Philippines, where they were trying to improve food production and trying to address a world hunger problem.

So we had people coming from the United States under the auspices of the Ford Foundation with a packet of materials that they were going to use, and try and encourage production and reduce poverty and hunger. And what they found was, their tools didn't work. So they asked some families, some parents of children who were well-nourished while the other children were quite skinny, what did they do? And they found that these families did things like, they ate some food that wasn't on the plate of the other families; in other words, they went outside of the cultural norm, and they found food sources. They also asked their children to come back to their houses several times a day and gave them small meals, because that's all they had was a small amount. So they fed them more frequently, and they increased the diversity of the diet. And those children really thrived, they found. So they brought the parents together and they talked about this – it's social innovation, but it's embedded in culture and behavior. And they went from village to village, and it just spread. They didn't know exactly where the next village was going to be, but they found out who was talking with whom, and they went to the next village, and they had the social innovators, the cultural innovators, from the first village talk to the people in the second village. So it was an upwelling, and it spread.

I realize that the challenges are how you structure this; how you allow it to spread; how you continue to feed it without actually dominating it; and how you work with a system like that. But it seems to me that it's about flexibility, and the innovation coming at the base level, allowing people to come in. It is a disruption of the system, but it's a positive disruption of the system.

So I just wanted to ask the panel about that kind of model.

ROBERT WOODSON: This is exactly some of the tension I felt in reading the book. I would devote 90 percent of the resources to going around in these communities suffering the problems; looking for remedies that are homegrown, that are indigenous; using the academic skills to document what they are doing; listening to it; and *then* trying to find out what should be society's response. That, to me, is the tremendous source of innovation. How do we capture it? And the response can be like we do with microloans – rather than talking about mega-institutions coming in, designing remedies that are parachuted into communities, negotiating with existing structures so that resistance is discouraged so people will accept what's in their interest even though they don't believe it is.

We at the Center for Neighborhood Enterprise try to spend all of our time going around listening. In forty years of working in neighborhoods, I haven't invented a thing. I've written four books; there was nothing original about anything that I wrote. I merely chronicled what I learned from the kind of people you're talking about.

PAUL GROGAN: On that point, I would just say that in order to work with those folks, you've got to get in touch with them. You've got to find them. One of the ways that we're doing that at the Boston Foundation, although we're doing a fair amount of work with the megastructures as well, is what we call "grassroots philanthropy," which is really minigrants. There's a wonderful quote from Bill (Schambra) that is cited in Steve's book: "The point is to find the unsung community leaders who have particular, concrete ideas about how the neighborhood can be improved, and who can do a great deal with a small grant at a particularly critical place and time" (p. 33).

The Boston Foundation never had any relationship with those people until the last couple of years, when we started this program. And we were able to do it because of someone I recruited to the foundation who is a former street worker and is just an unbelievable guy with nerve endings all over the city. He knows everybody. And we've now made over eighty minigrants ranging from a few hundred dollars to \$5,000 at the high end to these kinds of unsung community leaders who are putting on social events, doing things in parks, doing things with kids. And it's just the beginning of mining the potential of that.

But I have to say, it's incredibly heartening to know how many of these people are out there below the radar screen doing stuff every day. And I don't begin to argue that we have harvested from this; it's too soon to get to the big insights that could really be transformational. But I'm absolutely a believer, at this point, that even as we continue to work with the megastructures and big things like education reform, this is going to be a wellspring for us – as well as doing a lot of good every day in the city.

One final point. Where we're going to need positive deviance dramatically in this country is in the health field. I'm heartened that there's finally being created some space to talk about fitness and prevention – because behavior is most of health, not medical care, as we all know.

ROBERT WOODSON: That's right.

PAUL GROGAN: We're spending just an unconscionable amount of money on medical care that is not making us terribly healthy. We have it within our power as individuals to cure most of what ails us, but it's not happening, and that's where I think we're going to have to have some really big public health breakthroughs that lead to very, very different behaviors, particularly on the part of kids, and particularly on the part of kids in the inner city.

WILLIAM SCHAMBRA: Last comment, Steve?

STEPHEN GOLDSMITH: Thank you for your hospitality!

WILLIAM SCHAMBRA: Just echoing Paul's comment – and it goes back a bit to the David Brooks op-ed that I cited at the beginning of the panel, it really is incredible, amazing, and very heartening, given the amount of discouragement that we load on the folks in the neighborhood about their capacity to solve their own problems, to find these folks solving these problems every day, very quietly beneath the radar. These are folks that Steve's Front Porch Alliance did a terrific job of locating in Indianapolis. And it really is a remarkable story of resilience in the face of every kind of negative message – not just the problems they're wrestling with, which are seemingly insurmountable, but the message from society, that, as Bob (Woodson) says so well, if you don't have a degree, if you haven't been to college, if you haven't been to the Kennedy School, you can't tackle this problem adequately. And yet they still come; they still show up every day and do this incredible work. And these stories are there in Steve's book.

So let's thank our panel for a terrific conversation.

(Applause.)