

ISSUE: THE BUSINESS OF PHILANTHROPY *October 26, 2015*

Q&A: Cheryl Dorsey on Business Approaches to Char

By S. L. Mintz

“Head and heart”



Cheryl Dorsey

New York City-based Echoing Green (<http://www.echoinggreen.org/>) was begun in 1987 by founders of a private equity firm who wanted to nurture leadership and innovative ideas that advance global social change. It supports for-profit and nonprofit concepts. Its cornerstone program awards up to \$90,000 in cash over two years, plus valuable guidance and networking support, to approximately 1 percent of fellowship applicants each year. Since its inception, the \$40 million program has supported a roster that includes the founders of Teach For America, City Year, College Summit, Citizen Schools, One Acre Fund, SKS Microfinance and other flourishing for-profit and nonprofit initiatives.

Echoing Green President Cheryl Dorsey (<http://www.echoinggreen.org/about/staff/cheryl-dorsey>) is a veteran of top posts in the U.S. Labor Department and a member of the Board of Overseers at Harvard University, where she earned her medical degree. She embraced the fledgling concept of social entrepreneurship, meaning innovation that unites capital markets, civil society and government to solve urgent social problems. In 1992, as an Echoing Green Fellow, she helped start The Family Van (<http://www.familyvan.org/>), a mobile unit in Boston that provides health care to residents of that city's most underserved communities

SAGE Business Researcher reporter S.L. Mintz talked with Dorsey about her perspective on financing good works. This is an edited transcript of the conversation.

How do you define social entrepreneurship?

It is definitely part of the landscape in the social sector today. The hallmark of the social entrepreneurship model is the blurring of sectoral boundaries between capital markets, civil society and government. The bleeding of the business sector into the social sector framework is the coin of the realm these days.

For-profit and nonprofit organizations both need capital. Do you see shared challenges?

In many ways, they are the same. The undergirding is relationship management with your investors or your donors. The best social entrepreneurs know that transactional relationships get you only so far. Relationships that will yield financial capital and social capital require mentoring and access to networks you would not penetrate otherwise. There is fluidity across boundaries that you didn't necessarily see 10 years ago.

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How else has philanthropy changed?

Many of us in my generation came to nonprofit work without business training. We came mostly from a heart perspective, as opposed to a head perspective. Nonprofit social entrepreneurs today bring head and heart. They bring discipline and business acumen geared to revenue generation and earned income. They are clear about the need to build teams that can leverage all resources. Philanthropic capital is never going to be big enough to solve every problem.

What do you look for in fellowship candidates?

A Darwinian selection is pretty rigorous. The vetting process this year reviewed about 3,200 plans from more than 150 countries through a human capital development lens. We selected 38. We want to back the right entrepreneurs, because business plans become obsolete before the ink dries. Leaders are adept at critical thinking. They are resource magnets who can drive transformative social change. They attract financial capital, media attention and a volunteer workforce.

What does success look like?

Donnel Baird, for instance, pursued social entrepreneurship at Duke University and at Columbia University, where he earned his MBA. The fellowship supported his proposal for BlocPower (<http://www.blocpower.org/>), now an online marketplace where impact investors meet networks of energy efficiency projects in churches, synagogues, nonprofits and small businesses in low-income communities. Property owners and investors share savings from weatherproofing, use of solar panels and energy efficient projects.

How do you measure success?

We are very much like a business incubator or accelerator. What changes do we monitor? How many dollars did they raise after our investment seed capital? In the past couple of years, classes went on to raise 7.5 to 11 times our initial capital investment. We track the number of employees and the number of volunteers. Over time, we look at the hit rate, meaning how many enterprises made it in the short and long term, a really good indication that we support sustainable social transformation ideas. Two-thirds of the programs we have supported still improve lives.

How do you ensure the continuing success of Echoing Green?

Number one, I don't believe that any social enterprise needs to remain in existence in perpetuity. We compete in the open market where there are wonderful social enterprises that deserve support. We compete at a high level for oxygen in a crowded space. When you are passionate and believe very deeply in the product, at the end of the day, you are in the business of sales.

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