"WHAT MAKES A STARTUP SUCCEED? A BOOK TALK ON SOCIAL STARTUP SUCCESS"

A conversation with Kathleen Kelly Janus and Thomas Hilbink

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THOMAS HILBINK:

So it has been a while since I've read a book that wasn't intended for children under ten years old. (LAUGHTER) And so-- it may be partially that, but I really think it's the content of this book that got me so excited. The-- the-- Steve Rickard, the head of the D.C.-- of the-- our Washington D.C.-- advocacy office wrote me a few weeks ago and said that he went to a talk about that Kathleen did at the New America Foundation and he said, "This book is amazing. You-- this-- and it has so much relevance to what we do at OSF."

I think many, if not all of you, have heard me or other GMSG colleagues talk over the last few years about organization-centered grant making. And that the idea of focusing more attention on organizations before we focus on projects is part of a vision of trying to help the groups, that any time two more people come together to make change or defend change or stop horrible things from happening, they are all of a sudden in an organization, right?

And that organizations, people working together, is, we all agree, the way that change happens in the world, right? Rarely does a single person acting alone actually have an impact, or that's the myth of social change in our world. And this book really does an amazing job of focusing on some of the factors that Kathleen has found over the course of

her work and her study to understand how organizations-- are-- become effective or are effective over time.

And so-- my hope is that today we can hear about some of those things. We have copies of the book. We will send it to you-- or get it to you, Donny and Sanjukta-- in Barcelona, and Joanna, I'll bring you a copy next week. But really excited that Kathleen could take time-- on her-- on her tour of the East Coast to talk about this. So thanks and welcome.

KATHLEEN KELLY JANUS:

Thank you so much.

THOMAS HILBINK:

So I'd love to hear first about what got you to write this book.

KATHLEEN KELLY JANUS:

Well, first of all, thank you so much-- for having me. I-- it's really an honor to be here, presenting this work-- at OSF, which has done such phenomenal work-- on so many of the issues that I care so deeply about in the world. So thank you all for your important work. It's funny, because I was on the phone with Tom this morning-- when I came to meet him with my five year old, three year old, and two year old, because there had been an all-out revolt in our house. Nobody was going to school. And (LAUGHTER) this is what happens when Mommy goes away on book tour for a few weeks. So it's-- and it's been-- five weeks since the book come-- came out, so they're getting a little bit restless.

But interestingly, the question that I get-- asked at on the book trail most often is why on earth did you decide to write a book during the time when you were having f-- three children in three years? (LAUGH) And it's a good question, my husband often asks me as well. (LAUGHTER) But-- you know, the answer is always the same, that this work matters, that everyone-- around the table is-- cares about social change work, and we are all doing our part to make a difference.

The problem is, as so many of us have experienced, that not all organizations are created equally to solve the massive social problems that we're facing today. And I thought I would start by talking about an organization that really embodies one of the reasons why I wrote this book-- which is Rob Gitin, who founded At the Crossroads. He was a student at Stanford, where I teach social entrepreneurship, and he, like many of my students (NOISE) chose his class schedule based on the classes that met after 2:00 p.m., because he liked to sleep.

And so he-- stumbled, literally, into this class one day called Homelessness in America. And he quickly fell in love. For the class he was-- asked to go out and volunteer with homeless

youth in San Jose, and so he was spending all of his nights and weekends with these kids who had been let down at every single stage of their lives, whether it was by their families, by the foster care system, by-- the juvenile justice system.

And he really took-- a lot of pleasure in helping them get back on their feet. And so after he graduated, he started At the Crossroads. His organization really is a self-employment plan, which is (LAUGH) how sadly a lot of organizations get started. And he was able to get the Echoing Green fellowship, and he was able to start doing this work-- as his job in San Francisco, working the streets of the Tenderloin, literally, between 7:00 p.m. and 7:00 a.m. all night long-- helping work with these kids.

And so he was helping kids one by one by one, when he realized that one by one by one wasn't gonna get him very far, and that if he really wanted to make a difference, he was gonna have to build a much bigger organization to reach the thousands of homeless youth in San Francisco that really needed his attention.

The problem is that Rob was 22 and he had never been hired before, let alone hired anyone himself. He did not have any connections to high net worth individuals or foundation funders to raise the millions of dollars that he needed to get his organization off the ground. And he had no idea where to start measuring his impact. He-- he didn't wanna turn his kids into data points, and so he resisted data and impact measurement, even though he knew that was gonna be necessary-- to track the impact of his work.

And so Rob's story is really indicative of so many young, eager-- social changemakers who get into this work because they care about the work and-- and the problems that they're trying to solve. But they realize that this passion and charisma is only gonna get them so far. And I know about this story myself, because it was my story.

I cofounded an organization called Spark to engage young professionals in gender equality issues and new forms of philanthropy to support the women's movement. And I was a lawyer by day, and I spent my nights starting this organization. And it was amazing. We had a ton of buzz. We had lines around the blocks for our events. And we-- we were-- we became actually the largest network of millennial donors in the world. We had-- 10,000 people in our network.

Despite all of this, we hit a wall just as we hit our stride. At $500,000 in revenue, we couldn't get the capital that we needed to grow. And I learned, doing this research project at Stanford, that actually two thirds of nonprofits are $500,000 and below in revenue. And many of these organizations should stay small, community-based organizations. There will always be a place for mom and pop shops-- in the nonprofit world.

But many of them had incredible ideas that were dying on the vine because they were-- flailing, trying to-- just make payroll every month, as opposed to really focusing on the impact of their work and the substance of their work. So for the past five years, I have been researching this question, why is it that some organizations succeed and scale and others don't? And I have surveyed hundreds of nonprofit organizations, I've traveled the country--

meeting with 100 social entrepreneurs, their staff, their beneficiaries, their funders, all to get to the bottom of this question.

And in my interviews, I kept waiting for someone to say, "Well, it's just, you know, charisma or a great idea that gets someone ahead or-- or doesn't." And no one said that. And it's not to say that charisma and a great idea aren't important, but it really comes down to these strategies, testing, measuring impact, funding experimentation-- collective leadership, and storytelling, that laid the foundation for success.

And so to me, as I think about the-- the-- my goal for *Social Startup Success*, this is the playbook that I wish I had when I cofounded Spark. It's the playbook that my Stanford students have been asking me for for years. And it's an opportunity for the sector to get better at some of these very fundamental organizational strategies that will h-- help organizations be more efficient in their work so that they can spend more time attacking the social problems that we all care so much about.

THOMAS HILBINK:

Thanks. Just so-- I should've done this at the beginning, but I have a couple of questions, and then we'll open it up for everybody to ask questions, and we're going to-- we have until 1:15 to do it. So-- we have a little less than an hour at this point. I'd love to hear kind of you-- the book really focuses on U.S.-based organizations, and a lot of-- a lot of organizations that are doing service delivery. At OSF, we fund mostly outside the U.S. And we're funding a lot of human rights work. And I wonder, like, how you-- what you learned in the course of this book about that-- those specific niches of this world.

KATHLEEN KELLY JANUS:

Yeah. So my background is actually in human rights. I was-- a young human rights lawyer-- and-- was running the International Human Rights Clinic at Stanford Law School-- where I was taking students to do human rights projects in Southern Africa, Namibia and South Africa and Zimbabwe. And so I'm very, very familiar with human rights, passionate about human rights.

I've been involved with Human Rights Watch for many years, and it's-- it's-- it's kind of a funny irony that this book focuses locally, because-- my expertise is global. But when I was writing this book I was pregnant for two (LAUGH) thirds of the time, so I was limited in my travel.

And so what-- but what I found actually interestingly as I have gotten this in front of more global audiences, I'm going to speak in China and Bangkok next month, and-- other places around the world. And-- is that a lot of organizations are very interested in what-- global organizations are interested in what U.S. organizations are doing.

And that actually the translation is something that they can do themselves on how these-- principles apply. But a lot of organizations are looking to how U.S.-based organizations are doing things like measuring the impact of their work, which is-- it-- which-- which has been in-- in large part donor-driven in the U.S. economy-- where a lot of tech donors have come out and said, "Well, we want more metrics."

And so-- and-- and that has, you know, been a positive thing-- in helping organizations to become more impactful. So-- so I-- I'm finding that the-- the international-- that it-- that because-- especially because so many global organizations are competing for U.S. funding, that-- that they have to be aware (COUGH) of these best practices, just as well as U.S.-based organizations.

THOMAS HILBINK:

Thanks. And-- what-- what about the human rights space, right? Like, one of the sections that I found most interesting in this book is about testing ideas and measuring impact. It's two different sections of the book, but this idea of, you know, trying something, see how it-- seeing how it works-- et cetera, by the end of this section I had already gone online and signed up for a human-centered design course.

So it's real-- it's very compelling to just-- it's free, by the way, if you wanna sign up for it with me. So-- anyway, how does-- how does that-- how does that sort of thing, kind of testing of ideas and the innovative approaches, operate in the human rights space particularly? Where-- have you-- where have you seen that happen effectively?

KATHLEEN KELLY JANUS:

Well, what's interesting is I think we forget that the human rights movement is still so young. I mean, the human rights movement is a test in and of itself. Like, this idea that we can apply these broad principles in the n-- universal declaration of human rights to government is something that has-- you know, only been a little over 50 years old.

And so the organizations that are promoting this work are testing out ways to do that in the local context in governments, you know, vis-à-vis governments around the world. And that is ultimately the essence of social entrepreneurship of-- of nonprofits, is how can we-- organizations themselves will never scale if scale-- solutions-- in and of themselves.

That gov-- we require governments to scale solutions, like on education, on-- on-- antipoverty initiatives, and in human rights, ultimately our goal is to get human rights-- to get governments to-- adhere to human rights. And so-- and to the role of small organizations is to push governments in that direction. So an example is, an organization that I work closely with, Accountability Counsel-- I was the founding board chair, is working to hold literally trillions of dollars accountable-- development money, where-- f-- where-- companies have-- im-- impinged upon-- human and environmental rights of grassroots communities around the world.

And-- and so it's-- Accountability Counsel is a group of lawyers that-- helps represent these communities and claims in international financial institutions. The work that they're doing is testing one avenue for holding that money accountable. And Accountability Counsel is constantly testing new ways that-- that-- that the situation-- you know, the-- the financing is constantly changing.

I mean, the World Bank is-- is now competing with China for-- development loans. And so Accountability Counsel has to be testing in China to figure out, you know, how they can hold Chinese banks accountable in the same way. And so all organizations, this idea of testing is critical.

Because-- we cannot fall in love with the solutions and continue to work on these solutions for years and years and years without examining them in the context of the broader political and economic environment that we're living in. It's changing. And so organizations have to be nimble, and organizations can be nimble. That's the beauty of nonprofits.

THOMAS HILBINK:

What-- one of the other chapters that I found really interesting is about leadership and leading collaboratively. And you talk about leaders themselves, you talk about the role they have with their governing bodies, typically-- in this-- in the U.S., that's typically a board.

What did you learn about kind of-- and I'm asking this in part, because I was-- as I was reading it, I was thinking about the many conversations we've had at GMSG with people about trying to do organizational assessments, and understanding the leadership and management parameter, right?

What-- when you go and meet an organization, you can say who the leader is, you can say what their background is, but getting at that, like, what are we-- what are we looking for when we wanna understand the leadership and management of an organization is often something that's a bit-- feels a bit mysterious or out of reach. So when you-- when you have-- with the various leaders you've met, what are the things that you're looking for that really you think contribute to effective leadership and management of an organization?

KATHLEEN KELLY JANUS:

Well, one of the things that I've seen is that so many leaders, like Rob Gitin, are left to learn these very practical management skills on the job. And so-- things like learning how to hire and fire, learning how to empower your employees, learning the importance of-- leveraging your board of directors.

You know, those are all things that-- organizations are often learning as they go. So some of the best practices that I talk about that I saw in organizations-- I mean, one is this idea of collective leadership, and looking at how to build up the team. I talk about-- Kiva is-- is a

great example. Kiva started in 2004, right around the same time as Spark in San Francisco. It's a crowdfunding platform for-- microenterprises around the world.

And Jessica Jackley and Matt Flannery, her then husband, were on the *Oprah Winfrey Show*, (LAUGH) which, that's a great strategy for success if you can get it. They raised $11 million overnight, and literally broke their servers and had no choice but to rely on a collective leadership structure, because they didn't have time to have this kind of h-- top down hierarchy. And so they had literally hundreds of volunteers who were helping them go into the field and-- and-- and-- and assess whether the programs were being successful.

And they-- they incorporated things like horizontal feedback with her employees as opposed to-- more vertical, high, top down feedback. And so this is really the direction that organizations are going, that this-- this traditional hierarchy, this-- this pyramid that we think of-- in corporate structures has been flipped over.

Because no-- everyone is in this work because they care about social change, and they wanna see how their work is contributing to the mission. So the more that organizations can empower their staff-- to be part of the mission, the better. Senior leadership is also critical. Organizations that tended to scale more quickly in my survey tended to say that a big catalyst for their growth was hiring that senior leadership-- early on.

And this was what gave them the opportunity to focus on the strategy and the fundraising (THROAT CLEAR) to help them grow. And I think so often organizations get-- stagnate because they don't wanna take that risk to hire the chief-- operating officer, chief program officer, or maybe the chief technology officer, can depend on the structure of the organization. But ultimately having that senior team in early is critical.

And then finally, having a really strong board of directors can be an important catalyst to growth. And knowing how to leverage the board of directors effectively as opposed to-- so often nonprofit leaders think of boards as burdensome. (LAUGH) And, you know, and organizations are frustrated with their boards. But the organizations that are able to rely on those boards and develop board structures-- can-- are-- are ultimately much more effective in accessing donor money and-- and developing better partnerships, and ultimately feeling more supported as leaders.

THOMAS HILBINK:

Okay. Thanks. One last question, then I'll open it up for others, is-- as I was reading this, I-- one thing I thought is it's a book called *Social Startup Success*, but it made me think time and again, most of the organizations that we fund are not startups. We fund a lot of startups-- and-- and we, in fact, have-- done that in the-- in-- in who runs our new enterprise work within the strategy unit to really think through how we engage with the many startups, both those that emerge out of OSF and those that are-- are external from the beginning.

So we think about this. But so much of what we do is funding organizations that are already two, three, ten, 15 years into existence. How do the kinds of things that you've learned about in this book apply in that context? And what have you learned about the specific challenges of trying to live some of these things in an organization that may not have had them from the beginning?

KATHLEEN KELLY JANUS:

It's really hard to shift a culture. I mean, it's a lot easier to implement some of these-- these things like developing key performance indicators for success and leadership structures and a board culture from the beginning than to have to go back and change it or-- later on.

But the reality is that the nonprofit sector is modernizing in many ways. Impact measurement is a perfect example, as the organizations are getting better at measuring their impact. And if you can't-- get on that train as a nonprofit organization, you're gonna-- you're gonna die. (LAUGH) And so-- so organizations do need to figure out how to-- how to be more effective, no matter what stage they're at. And-- and-- and it's not easy.

So I'll give you an example, Sam Cobbs-- is-- came in as a CEO of an organization in the Bay Area called First Place for Youth, which is an organization to transition foster care youth into independent living. And Sam, the first thing he asked his team when he came in is, "How do we know that what we're doing is successful-- and is having an impact?" And he-- and his team came back to him and said, "Well, when the kids come back, they hug us."

And Sam wasn't very satisfied with that answer, because he realized that if he was going to grow this organization and have the most impact that he possibly could, he was gonna have to get his staff not only to (NOISE) collect data, but to care about the data that they were collecting. And so he started creating mantras like, "If you're not documenting it, you're not doing it," you know, to try and change the culture. And his staff pushed back on him.

They said, you know, "We're-- we went to school to help kids. We didn't go to college to collect data." And so during that time period, he had a turnover of 70% in order to, you know, change the culture of the organization. But today, First Place for Youth knows that what they're doing works, and they have the data to prove it, and they are-- an organization that is-- that is focused on constantly improving their impact.

And as a result-- they know that if a youth comes through their programs, they're 20% less likely to end up on the streets than-- the broader population. So this is the kind of-- these are the challenges the organizations face when they-- have culture shifts within-- their teams. But-- ultimately we-- we have to think about how we can be improving organizations. Because-- and-- and-- and providing leaders with the capacity to-- to make these shifts. I mean, Sam Cobbs didn't do that alone. He did it with funders who provided data infrastructure for him, who provided capacity building support so that he could figure out how to measure his impact, with unrestricted grants so that he could invest in the data, and with patient capital so that he could take the time that he needed to get it right. And so

funders play a really critical role in helping organizations to be better at what they do. And there's a lot of-- strategies that funders can implement to-- to-- to be those supportive partners.

THOMAS HILBINK:

Great. Thank you. It-- it really-- at some level, that was the big takeaway in reading the book, for me, is how much it-- what can (UNINTEL) funders do? What can we do at OSF to help organizations be able to test and fail and learn to assess their work, to invest in leadership-- not just in terms of-- but in terms of leadership that's not just about building up your team, but also pr-- helping leadership and other members of the-- of the organization-- really survive, in many ways. Survive burnout, avoid v-- burnout.

And all of those things lead back to one answer, which is providing organizations with more flexible funding, and providing organizations when we make project grants with the full cost of overhead that those organizations need. It's something that we don't do and don't think about very often, especially on the overhead-- on the overhead side of things, right?

We-- we're currently doing some research within GMSG to understand this, and we're often paying 10% overhead. When organizations, especially grassroots organizations, often have overhead rates of, like, 70% because of the structure of their organization. But we as a foundation, and every-- we're typical of all funders on this, see overhead as a bad thing, see it as something we should avoid paying, not that we should be looking forward to paying it, because it allows organizations to do this thing. So anyway, I'll get down off the soapbox-- yeah, go ahead--

KATHLEEN KELLY JANUS:

I'll just add one other point, to close the loop on our friend Rob Gitin who-- has scaled his organization in the city of San Francisco, and is now a $2 million organization serving hundreds of homeless youth on-- on the streets of San Francisco every year. And you know, as I think about Rob Gitin's story, I think it really emulates this-- this problem that we face.

Which is we are putting young people out into the world to run these organizations without-- without the tools that they need to face the challenges that ultimately come up when you're starting any organization. And so, you know, we think about Rob Gitin. Well, it took him 20 years to get to this point. What if he had a funder by his side who was giving him that capacity building support early on, and giving him that unrestricted capital that he needed to-- to avoid so many of those inevitable mistakes that he made over the course of 20 years?

I think we're a sector that is starved for resources generally, and we're starving the organizations even more at the expense of long-term impact.

THOMAS HILBINK:

Great. So questions, thoughts? I see Jason and Kate, and we'll look to the screen, Joanna--

KATHLEEN KELLY JANUS:

And Joanna.

THOMAS HILBINK:

Jason, Kate, Joanna, Sandy, and then we'll go back around. Go ahead, Jason, please.

JASON:

Great. Thank you so much, I look forward to reading the book, and it seems like an amazing level of research and time, so thank you. So you mentioned several examples or organizations-- like, that work with homeless and this education, it seems some kinda service-oriented organizations.

I just wanted to ask you a question about the flipside on, like, the policy, things that may be harder to measure, such as policy change, culture change. This is something that I'm just dealing with a lotta grantees, and-- and I-- I don't see any clear, you know, funders are going back and forth on debates on this, in terms of when you think about healthcare fight, and how many organizations contributed to that, and bein' able to measure your level of contribution to that win and pushback versus others.

Or culture change, where you're tryin' to get-- change how, you know, black people or women or others are depicted in media or other things like that. What-- what have you seen regarding kinda this model in-- in measuring in relationship to something that I think is harder to measure, and therefore harder to make a case?

KATHLEEN KELLY JANUS:

It's a huge challenge in the sector. And, you know, it's funny, because as an advocate of human rights, I find myself often, like, advocating the side of, "Don't be so hard on human rights organizations, you know, they're measuring long-term impact, and we need to focus on-- you know, on-- on-- all problems, not just the ones that seem more solvable like, you know, delivering vaccines to kids in Africa." But I feel like in front of this group, I have the-- (LAUGH) you know, I have to take the other side of it.

Which is that, you know, yes, I absolutely agree that there are-- that it is harder to measure culture change, to measure policy change-- and that these are long-term gains. I don't think that it gives the organizations, the human rights organizations that we care so deeply about--

a hall pass from-- trying to figure out key performance indicators for whether they are on track toward achieving-- change.

So-- you know, there's a lot of really creative ways that-- that you can do that. Like-- you know, first of all, putting the structure in place for organizations to measure that impact. So Accountability Counsel, the organization that I told you about earlier-- spent two years developing a theory of change to be really, really clear about what their activities were, what their ultimate outcome that they wanted to see, and then all of the-- the-- the-- the intermediary steps that had to happen in order to get there.

I think most organizations are really good about talking about their program act-- activities. They're really good about talking about the goals, not so good about making those links between the two. And that is where the key performance indicators come in, is that once you have that clear theory of change, then you can break that down into indicators of whether you are on tar-- track toward success.

And then it's just about being creative. You know, it's like thinking about things like-- you know, the Center for Youth Wellness wanted to shift the conversation around adverse childhood experiences-- and-- and toxic stress. They started measuring google-- google searches on ACEs to see, like, that-- that sort of path, like, more and more people talking about ACEs meant that more-- that they were having a culture change. And so-- and so getting creative about trying to understand your metrics is-- is an important-- important introspection that organizations need to go through.

THOMAS HILBINK:

I think one thing you talked about in the book that-- that-- that illustrates that more is you really emphasized that not all metrics are quantitative, right? That it may often be that you wanna do surveys, that-- that you wanna take the radical step of going and talking to the people that you claim to-- that an organization claims to be trying to represent, and just ask them, right?

Don J.-- Cacade (PH) from PHP who recently-- left OSF talked about this as a kind of key. He al-- he liked to-- himself go out when he was-- when he was in-- in various places and talk to grant-- talk not to-- just to grantees, but to the communities that they represented. And here, like, do you know this organization? Do you know about this work?

Not necessarily, like, do you know they issued this report? They-- but, like, how are you experiencing this? And-- and I think you talk-- you have examples of where-- how organizations have used surveys or other things to get-- to get knowledge about their impact--

KATHLEEN KELLY JANUS:

Yes, 100%. And the bottom line is that it's both, you know? So much of what human rights organizations and democracy organizations do is-- is not measurable, like, building trust with communities and creating those relationships. But every organization can figure out the things that they can measure, and go after them rigorously. So that's the balance, is figuring out what you can get to.

THOMAS HILBINK:

Did you wanna follow up?

JASON:

No.

THOMAS HILBINK:

Okay, great. Kate?

KATE LAUGHLIN:

Hi, so my name is Kate Laughlin, and I work with the education program here at OSF. And-- I also have a question about data and measurement. I think in my own work I have a discomfort around evaluation data, especially the-- the sort of big data, randomized control trials, or sort of rigorous, quantitative research, for two reasons.

One is that I worry that perhaps we're entrenching privilege, and what we're finding are not the best programs but actually the organizations that have the technical capacity to do that kind of research and to present it well, and to be rest-- respected for it, and who come from the same traditions of knowledge production as-- as I do and-- and as the-- the foundation does. And then the second reason is I spend a lotta my career working in international development, and I've seen the really perverse incentives that this type of data creates to declare every program successful.

And not just a little bit successful, but sort of wildly successful, because your fundraising depends on your ability to do that, as does if you're working with a multilateral or-- a government donor, their ability to go back to their constituents and explain that they're only funding the best, most innovative, successful things. And so I'm wondering, how do you-- how do you deal with that in your research?

KATHLEEN KELLY JANUS:

I'm so glad you raised this question. This has become the question that keeps me up at night after writing this book, because the reality is that-- a community-based leader who doesn't have access to networks, who doesn't have, you know, the same kind of linger-age around innovation or impact-- measurement could do everything in social startup success and still not get funded. And that is a problem with our system.

And-- and it is-- you know, a big part of the problem is the education system. I mean, if you look at what it takes to get an organization off the ground in the U.S. at least-- you know, it's-- a pitch competition at a university, or-- you know, maybe you can be lucky enough to get an Echoing Green fellowship. There's very little seed funding for early stage organizations.

And the reality is that if you are someone who has grown up in a poor community, it is a huge luxury to say, "I'm just gonna take six months off and test out this idea and, you know, (LAUGH) try and see if I can get it off the ground." And-- and-- and so as a result, what does that mean for your pipeline, you know, further downstream for organizations that already have proof of concept, is that many of the stories sound very much the same.

They're Ivy League, you know, graduates who have started organizations, who-- you know, which inevitably leads to racial bias-- and bias against, you know, c-- community-based advocates who-- are arguably in a much better position to solve-- problems in their community, but maybe haven't walked through the halls of the Ivy League.

And so what do we do about this as a sector? I-- I think-- I think it's-- it's-- it's a both/and. It's not that we need-- it means that we need to have lower standards for-- some of these best practices, like measuring impact, like developing strong-- prog-- problem-- programs for testing ideas within organizations. But I think it does mean that we need to double down on supporting leaders who don't have-- a typical-- background like we see so many of these leaders who are getting s-- having success-- (THROAT CLEAR) and providing them capacity building.

So providing them executive coaches-- and investing in their leadership and management skills, giving them-- you know, support around impact metrics and-- you know, getting help-- connecting them with universities that can help them with some of these, the survey development or the-- developing metrics in their organizations.

I mean, I-- I could go (LAUGH) on and on and on about this. But I think it's a really important point, and I think that, you know, in a way, you know, you all have it because you're funding later, you know, down-- downstream. You know, you're kind of left with what's already in the pipeline. And so-- I think that the investment has to start earlier on. (THROAT CLEAR)

THOMAS HILBINK:

Joanna (UNINTEL)?

JOANNA OYEDIRAN:

Hi-- my name's-- Joanna Oyediran, I work in the grantmaking support group. I wanted to ask you, I mean, you talked about the lack of resources in the sector proportionate to the number of startups and people who have good ideas. So I guess the flipside of successful is unsuccessful. And how long do you think as a donor, what-- what are the-- what really should we be looking for in thinking about when we should walk away from supporting a startup, and-- after how long?

KATHLEEN KELLY JANUS:

Hmm, if I only had (LAUGH) the answer to that question. I mean, I think this is where-- it-- I was giving a talk, I'm from a small town in Napa, California-- and-- have been involved in nonprofits there my entire life, and so it's been fun to go back and give back in my own community. And, you know, I got this question-- at a small foundation, a local-based foundation where, you know, I the was the-- the foundation officers were in the room with the local nonprofits.

And someone asked this question, and you know, like, all the nonprofits are, like, biting their fingers, like, "Which one is he talking about? Is it me?" And you know, the challenge in the small town is that, you know, these people have to, like, go walk and see each other in the aisles of Safeway, or, you know-- (LAUGH) of the supermarket.

So-- you know, but my answer there, and I think applies-- to you all on a much bigger scale as well, is that the more that you can make it metrics-based, the more that you can-- ensure that organizations are rigorous at-- at-- and going after their goals. And so I think that-- too-- too often, funding becomes about personal relationships as opposed to really looking at the goals of the organization and how that fits within the broader movement.

I think it also is important to think about systems change and how organizations fit within the broader systems that we're trying to-- that we're trying to shift. And so then it becomes much less a conversation about whether that organization is succeeding as opposed to whether that organization is filling a need-- in service of the broader goal. I know it's not, like, the magic bullet, (LAUGH) but a couple of considerations at least.

THOMAS HILBINK:

Okay, thanks. Sandy? And then d-- was there another?

KATHLEEN KELLY JANUS:

There w-- I think there was a hand in Barcelona.

THOMAS HILBINK:

Sanjukta, do you have a question? Okay, Sandy go ahead then, Sanjukta.

SANDY:

Okay. Well-- following up on a bunch of these questions-- you talk about the importance of building skills. I wonder how important it is building networks to donors. And-- let's-- looking at-- at human rights, let's-- one assumption is that there is a pretty static field of human rights donors.

I'd like to hear your pushback on that. Let's think about, you know-- a group in Hungary, which isn't going to be able to raise much money from local donors-- because that's the subset, you know, of the question of-- of-- of a steady state of resources. So-- often a path towards success for a group is to get into a pipeline where it's meeting the right individuals.

And I know even for Open Society, to figure out who talk to in-- in this building can be a challenge, and it helps to have the pathway openers. So I wonder how much you found out-- of that being important. Going back to the question about measuring impact, did you really find that-- the groups that are best able to measure their impact are the ones who succeed in communicating that to the donors, and a little bit more about how that happened?

You talked about building the skills of leadership, and you mentioned the program director, maybe the IT director, maybe the COO. How about the development director and the major gifts-- direct-- development director? Do you-- do you need to have those people as well?

KATHLEEN KELLY JANUS:

Good questions. So funding in the human rights space is-- is tricky. There are many people who will say that-- that human rights organizations will always be relying on-- on philanthropic funding, that-- you know, there's only certain-- a limited number of foundations that fund human rights work, and that that's a limitation.

I am an eternal optimist-- and I believe two things about fundraising. One is that too often organizations focus on fundraising as the business of getting money. If you're doing fundraising right, it can also be in service of your mission. And every organization has-- has to figure out a funding model that is going to both maximize their capital as well as maximize their ability to achieve their mission.

So (THROAT CLEAR) in the case of Spark, our grand fundraising strategy when we started the organization at the age of 25 was to make a list of all the rich people we knew in San Francisco (LAUGH) and go ask them for money. That, first of all, didn't work. They didn't pick up our phone calls. And we realized very quickly that actually, you know, going out and soliciting a donor to try and donate $10,000, which was a ton of money to us at the time-- was not going to be as successful as getting ten of our friends to go out and stretch themselves to (NOISE) get kind of their friends to give $100. Because--

(OFF-MIC CONVERSATION)

KATHLEEN KELLY JANUS:

--and so in the case of Spark, as I said, we developed a champions program where we got-- ten of our friends to-- to-- to go out and commit to raising $1,000 each-- and that brought in $10,000 for the organization. And to this date, the champions program r-- re-- remains a very important driver of Spark.

And so not only are we bringing funding into the organization, we're also cultivating the next generation of philanthropists and the women's movement. And so it's an important-- mission-based fundraising strategy. Human Rights Watch has done a fabulous job of this-- developing chapters all over the world, not just in the United States and Europe, but also looking at how they can cultivate-- human rights donors and a culture of philanthropy-- in, you know, in Brazil, in South Africa, all over the world. (THROAT CLEAR)

So I think every organization needs to think about how they can be creative in their fundraising strategy. And-- and-- and-- and reaching into untapped donors as well as-- you know, funders need to be also cognizant of the fact that-- that there is a role for funders to play in helping to introduce organizations that they support to other organizations that are funding them.

Measuring impact-- actually, in the survey that I did, there was a very clear distinction between the organizations that said they began measuring their impact from day one versus the organizations that got to it later on. And so when I saw this data, I thought, "Well, that makes sense," because those are the organizations that are able to go to talk to donors about their data, and then those are the ones that got funded, and so that's why they grow more quickly.

But when I went out and did my interviews, it wasn't the case at all. And-- don't get me wrong, donors want data. But the-- these leaders were absolutely obsessed with whether or not they were having an impact. Because, like, Tess Reynolds said, it's really hard to go out and raise $1 million. And if I'm gonna go out and raise $1 million, I need to know that that is having the most possible impact that it can.

So organizations like-- Brave In were not just-- Brave In is an organization that helps support low income college students to get jobs and to graduate more quickly. They weren't

just satisfied looking at their assessments going up-- in-- in their-- their students. They wanted to test to see that it was actually a result of their intervention. And so they found a control group of students who weren't able to take their-- class for whatever reason, and then they t-- they tested it.

They gave them $25 Amazon gift cards, and then they surveyed them every few months alongside their students. And so it's thinking of these ways that organizations can be more rigorous about their impact that helps them ultimately, and not only just prove that what they're doing is working, but improve their programs as they grow.

And then finally development directors, I mean, I would say-- that that is just an organizational dependent thing. I mean, like, s-- many organizations, their leaders will say that they-- they're gonna be their best development directors, (LAUGH) and that, you know, development directors are really tricky because it actually takes, they say, a year and a half for them to make their salary-- make up their salary.

And it also is one of the positions that has the highest turnover in the nonprofit sector. And so a lot of them are leaving after a year. So-- (LAUGH) so development directors, often organizations don't get to them until later. Did I answer all three? (LAUGH)

THOMAS HILBINK:

Thanks. Sanjukta, thanks to you by the way for staying late in Barcelona.

SANJUKTA MOORTHY:

Hello (UNINTEL), it's okay, I'm only, you know, it's a quick walk back home, and I can walk through the beautiful Barcelona rain right now. So-- just by the way of making sure (UNINTEL) program specialist for our European program-- the oversight initiative for Europe. And one of the aspects, what I will be involved in this year, is our work on building-- social movements.

We call it our movement infrastructure building. So I wanted to basically understand, I had two questions. One of them is what are the distinctions that you see in between social movements versus startups? And now that we're discussing the sustainability of startups, what role can donors play in turning a startup into a non-- into a for profit, or at least a portion of a startup into, like, a profit-generating, so at least they have some way of-- you know, (UNINTEL PHRASE) rather than constantly reminding our donors. And could that form a part of a successful fundraising strategy?

And my second question was, so you keep talking about data and measuring impact, and this being the burden of the organization itself. But the thing is, we do a lot of our own internal assessments-- to measure the impact of the grants themselves. But is our goal in the field as-- as a partner, as a key player-- not only is it big money, but we also, you know, (UNINTEL) we do our own advocacy.

So what kind of-- in there as well. So basically as devil's advocate, does all this impact measurement need to be on the-- the startup or the organization or, you know, the-- the grantee their selves? And-- and what role could we take on as a donor to facilitate that and to-- you know, allow for impact measurements being done on both sides, but also to serve each other?

KATHLEEN KELLY JANUS:

Great questions. So-- so movement building has been, I mean, it's been so interesting. There's a new book coming out-- by Henry Timms, who heads up the 92nd Street Y here in New York. And, you know, he's talking about this form of movement building as a new power, that-- that Me Too, that Occupy Wall Street, that Black Lives Matter, that all these movements have been really an example of how technology can be used to facilitate movement building like never before.

I think that all of that is true, and we also need the organizations to-- to be-- to be strong to put action into-- to turn that kind of movement building into action-- whether it's policy change, advocacy, whether it's-- you know, providing opportunities to harness that energy in support of, you know, more tangible volunteer efforts.

And so I think that both are critical-- and that-- that funders have an important role to play in figuring out where are the leverage points that can harness that energy to turn it into action? On the question of-- of developing sustainable forms of revenue-- in general, or-- the organizations that I found were-- that were doing-- that were raising money well, were figuring out, were testing, using these ideas of-- of testing-- t-- and that we often apply in programming to fundraising as well, and testing out different strategies to see what would work.

Whether it was earned income, philanthropic income. And so for example, Hot Bread Kitchen, an organization in Harlem that serves-- that-- that serves low income women to help them get into the food industry was trying to think about how they could make themselves fully sustainable. And so they started testing out-- earned income strategies like selling bread, like-- doing-- wholesale sales to Whole Foods and JetBlue, like doing-- they created an incubator.

And all of that was funding them, but they realized that by not accepting philanthropic support, that they were selling their programs short. So, for example, their philanthropy was important to provide childcare so that the organization could support the women more effectively.

That it was important for keeping the women in the program longer than was maybe profitable, but was ultimately better for those women. And so thinking about-- philanthropy as bridging the gap to-- help fill the market, I mean, we can't solve market problems with market-based solutions. I mean, and this an example of, like, you know, human rights-- failures are a failure in the market.

There's not gonna be a market to solve that problem. And so-- I-- in the book, I advocate for organizations testing earned income where they can. But I think that as a sector, we also have to acknowledge the limitations of earned income, and where certain sectors like human rights and democracy might be less amenable to testing some of those solutions.

And then finally impact measurement-- and how funders can support measuring impact, absolutely critical. There are some great examples of this. Tipping Point in San Francisco, Robin Hood here in New York-- both focused-- primarily on poverty alleviation. And so they have a standard of measurement that they're trying to collect for all of their grantees-- to standardize checking whether they are actually achieving their mission, not only on an individual, organizational basis, but for the entire city of New York and San Francisco.

So it's a great-- example of how funders can use the resources that they have to track progress toward the broader mission of the organizations, as well as of the foundation-- and do it in a way that is supportive of grantees, and not taking away from their-- their resources.

THOMAS HILBINK:

I think this is-- I-- as you've been talking, I think one of the things I've been thinking a lot about is I think you bring throughout the book a skepticism, right? You haven't-- you're not-- you're not claiming that you've figured out the way that an organization succeeds, nor that we as funders should be going out and finding the organizations that already have all these traits and funding them, right?

So that when it comes to assessment, the most important thing I hear you saying is that the leadership or the people in that organization say, "I wanna know if what we're doing is making a difference," right? That that key insight is the most important thing, and then they'll figure out how to measure it, not just say, "Yeah, I assume it's working." Though I do kind of like the hugs as metric (LAUGHTER) approach.

KATHLEEN KELLY JANUS:

The hugs are good too.

THOMAS HILBINK:

I will admit that I-- right, how people react to you I think can-- can be a measure, but it shouldn't be the only measure. And I really think that throughout this, one thing you said earlier is when it comes to organizations in other countries, this book, they may read this and say, "You know what? This is very U.S.-centric," but that the key there is in seeing it as a collection of ideas that people can translate for themselves.

And some I think the reaction, as I read it, some I thought, "Eh, this just doesn't apply in so many contexts where we right-- work." And then others I thought, "Huh, that's an interesting

idea." And that's really what I would urge you, as you pick up the book and read it as something that can spark new ideas, new thinking, or confirm some thinking that you've already done about programs.

Because what the-- you know, whether it's reading a chapter, just one chapter on its own, mining the footnotes to learn more about different-- different collections of ideas that you've found-- it's just full of-- full of-- full of ideas, full of insights-- that I think are-- are really useful, whether you're working with startup organizations, right?

Whether it's a sex worker collective in Zambia or an established legal organization that's been around for 20 years in-- in Europe, or an organization in the United States, I think there's a lot here. This doesn't-- this doesn't answer every question, but I really hope that as people delve themselves into the book, they're gonna find what I found, which is a book that gets you thinking in-- in-- in old ways and new ways, and both questioning assumptions and confirming some ideas.

So-- I really wanna thank you for coming to OSF. And thanks to everybody here for coming. I also wanna thank Beth Dunlap, the-- from New Enterprise, who wanted to be here, and then realized after we set the time that her flight from-- home from her vacation lands this evening, not today.

But she really, when I went to Beth and said, "So I heard about this book," she pulled a copy out of her b-- backpack, and it was all marked up and Post-it-ed, and things like that. So-- I really also want to encourage people from-- who are here to, as you're working with *Startup*, to remember that we actually have somebody on our staff full-time.

She and Lauren-- from her team, who are here to really help be thought partners in how to-- how to support-- how to do what I think Kate's question is raising as a concern. How do we help the organizations that may not already be there develop some of the skills and-- and sensibilities that-- that you've identified, rather than just going with the typical organizations that have already figured these things out. Because that's too rare a thing. And that's not the world we want to live in. So--

KATHLEEN KELLY JANUS:

100%.

THOMAS HILBINK:

Thank you again-- to Kathleen and to everybody, and to those of you, Danny, Joanna-- Sanjukta, I saw Nancy Youman on the phone for a while, so thanks to all of you for joining. And-- have a good-- have a good week.

VOICES:

Thank you. Thank you. (APPLAUSE)

* * *END OF TRANSCRIPT* * *