



## [Social Impact Exchange](#)

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The [Social Impact Exchange](#) is a new effort from [Growth Philanthropy Network](#) and Duke University with funding from the Robert Wood Johnson Foundation. The Exchange is designed as a focal point for studying, funding and implementing large expansions of proven social purpose organizations. To that end the Exchange offers an “[investment clearinghouse](#)” ([free registration](#) needed) of top-performing nonprofits that are actively implementing growth strategies (read the full press release [here](#)).

The Clearinghouse is interesting because of the way it offers some of the attributes of a stock exchange. There has been a lot of talk in philanthropy about social stock exchanges, but I’ve often found the implementation of this concept of little interest. This is because when most people think of a stock exchange, they think of the prices of stocks moving up and down as the primary characteristic. A social stock exchange which attempts to mimic the pricing elements of a stock exchange is interesting, but I’ve yet to see an implementation that is particularly exciting. Instead, stock exchanges are valuable not only because they publicly reveal prices, but because they have certain requirements for organizations to be listed and ongoing requirements to stay listed.

Once an organization is listed on a stock exchange, it must adhere to higher levels of public disclosure than a non-listed company. Being listed on a stock exchange is called “going public” and a listed company is a “public company” as opposed to a non-listed or “privately held” company.

This all matters to philanthropy because the organizations listed on the new Social Impact Exchange are offering public access to documents such as due diligence reports, business plans and the results of independent evaluations (it appears that currently there are not standard documents that all listed organizations must have, but see [the documents listed](#) for the nonprofit Ways to Work as examples).

My friend [George Overholser](#), has often pushed back on my urging for nonprofits to share more information about themselves publicly. George’s point is that most nonprofits are the equivalent of privately held companies, who may be damaged if they share too much of their internal issues with the public. While I’ve generally thought that nonprofits should have a higher required level of transparency than privately held companies, George’s point has always resonated with me. With the advent of the Social Impact Exchange, we have the beginning of a mechanism whereby a nonprofit that is ready to

“go public” can list their organization and in exchange gain access to a wider range of philanthropic investors.

In addition, the Exchange plans to only list organizations who have demonstrated extremely high levels of impact and scale readiness or have demonstrated a significant level of effectiveness, and are increasing their capacity for scale readiness (groups [qualifying under each standard](#) are identified separately). This means that if the Exchange can establish credibility for their vetting process, 1) organizations who get listed will gain a marketing advantage due to their “making the grade” and 2) donors can have an increased level of confidence in Exchange listed organizations.

The Social Impact Exchange is more than just a list of nonprofits. It also hopes to be a hub for related research, publishing, education and training as well as an annual conference, business plan competition and regional meetings.

While this effort is still in its infancy, I think the organizers have gotten some key elements right. With the high profile funding from Robert Wood Johnson Foundation and the involvement of Duke University, the Social Impact Exchange is one to watch.