

Social Impact Exchange Inaugural Conference on Scaling Social Impact

Keynote Luncheon Speech

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It seems to me that we're assembled at the edge of a new frontier; at one of those jumping-off points that lead to something better than we've known before. There is a shared will in this room to translate our hopes for a better future into a scope and scale of social change that makes a positive difference in the security, well-being and quality of life for those who share this time on earth with us. If we *get* it right – and *do* it right – the knowledge, energy, and resources we invest together will pay a return in needed social change far beyond our ability to calculate.

At the Robert Wood Johnson Foundation, we've been working to drive social change and have significant and enduring impact for almost 40 years. Like many of you, we've learned that it's not enough to invest in just buildings, hardware and operations – that a leader with a vision counts as much as anything else. And the more charismatic, passionate and savvy the leader the better – as well as the know-how to seize that rare moment when the motive, means and opportunity to scale social change present themselves all at once. This signature knack as a leader, by the way, is the “secret sauce” that ends up being the most important ingredient of all.

We've also learned how to invest in anticipated impact. Not impact that's left up to improvisation, but impact that's propelled by hard data. Impact that's *not* based on what we think the impact *should* be – but on what the impact's *most likely* to be. None of this comes easy.

Funder, partner, leader, program manager – up and down the chain every player is called to balance the natural urgency to rush forward with the patience and persistence that allow us to do it right. Perhaps the toughest and the truest lesson of all is to *not* go it alone. Long journeys summon resilient and resourceful partners.

We all know that the old institutional ways of investing in social change could get pretty competitive. Sharing control and credit traditionally trumped sharing risks and rewards. The old guard was highly skeptical of collaboration with cooperating. That was then. This is now.

This generation of social change agents understands that today's environment

demands non-traditional strategic partnerships and inspired new approaches to bringing change to optimal scale. Think of The Social Impact Exchange as the *futures' market* for social change. Investing in the future means leveraging our collective intellectual and financial wealth to achieve far more impact than any of us could on our own. The dividend we pay is in bringing the maximum benefit possible to those we seek to serve.

Let me tell you a story about what I mean. The Robert Wood Johnson Foundation opened for business in the early 1970s. We started small, working out of a plain clapboard house on a quiet street of family homes in New Brunswick, New Jersey. Staff meetings were around the dining room table. We were ambitious, hungry for action, and eager to make the enduring impact our founder envisioned for us. It was there, just waiting for us. The National Academy of Science had declared trauma injury “the neglected disease of modern society.” For those who can remember, the emergency medical response system we take for granted today didn’t exist back then. Only a handful of towns had a 9-1-1 emergency phone number. There were only 12 paramedic units in the entire country. And no one had compatible two-way radio capability. Police couldn’t talk to the rescue workers, who couldn’t talk to the ambulance drivers, who couldn’t talk to the hospitals, who couldn’t relay vital information back to the scene. And doctors and nurses had no clue that trauma victims and terrifically sick patients were about to hit their ER doors. Tens of thousands of lives were lost each year as a result. It was a big reason why trauma was the leading cause of death between infancy and age 40.

What happened next speaks straight to us today. The data was clear and convincing. The problem was common and critical. The need to fix it was immediate and imperative. The solution was apparent – and doable. But no one seemed willing or able to step in – or step up. It was exactly what our foundation was looking for.

Right there, on that old dining room table, my predecessors plotted out the first specifications for a national emergency medical response system. We announced that we meant business by committing the equivalent of about 65 million in today’s dollars – a remarkable sum in its day. Our very first demonstration grant went to a Louisiana ambulance operator and nearby hospitals for two-way communications gear. It worked. Taking the pilot to scale, however, was way too much for any one organization.

The fiscal, bureaucratic, policy and political obstacles were formidable. Luck and timing, though, were definitely on our side. The notion took hold in local communities. All told, we funded demonstrations in 44 rural and urban communities in 32 states. Each program had to be self-sufficient within two years. The results established that an emergency response network could work in any community in the country. By then, the federal government was in the game. They even hired our program advisors to take it national.

Within four years the national 9-1-1 emergency medical response system was a reality – with a paramedic unit within 10 minutes of 50 percent of the American population. With our partners, we’d pulled off a textbook second-stage expansion of taking social change to scale – long before the textbook was written. For us, it was a seminal event. It showed us that we really could turn the possible into reality. It’s influenced and informed our efforts to “take programs to scale” ever since.

Not too long after the 9-1-1 demonstrations, a young assistant professor named David Olds appeared on our doorstep in Princeton. He was a man on a mission. We realized on the spot that David was an amazing social pioneer. He’d just driven the seven hours from Cornell to tell us he’d found a new way to help poor teenage mothers create a better life for their babies and themselves. His idea: introduce a special kind of nurse into the home even before the baby is born. The nurse’s assignment: stick with mother and child for two years . . . coach that girl-mother into a good parent. – drug free and alcohol free ... savvy about nutrition. Push her to finish high school and get a job – before having a second baby.

David Olds needed our help to keep his prototype going. For a public-interest philanthropy like ours, his tone was pitch perfect. This was the beginning of what we now know as the Nurse Family Partnership – or NFP.

Other funders joined in over time: Pew, for example, along with the Edna McConnell Clark Foundation and the National Institutes of Health. Let me say this about the NFP. First, the NFP is the ultimate case study that demonstrates scaling social change can take a long time. Like a generation or more. It’s also a prime example of what can be accomplished by the prudent balancing of urgency and patience. David didn’t have an evaluation to share publicly for about 15 years! He waited until the program’s first wave of infants were adolescents – and the metrics were reliable enough to tell an authentic story. The wait was worth

it. These kids didn't run away from home, get arrested as often, have as many risky sexual behaviors, or smoke and drink nearly as much as their teenage peers.

While the program spread, David waited another *12 years* for the next evaluation. The results were published recently. They, too, are striking. NFP mothers are more self-reliant. They cost the taxpayers less in every category of public support. They report a greater sense of what David says is "maternal mastery."

Their children score better on academic tests, report less use of alcohol and other drugs, and have lower rates of anxiety and depression.

Here's the ROI:

Both parent and child have a better future.

As mothers find jobs and the kids improve in school, they become more productive members of the community around them.

And taxpayers save \$4 for every \$1 spent on NFP.

We wouldn't know all of this if philanthropy hadn't stuck with David and NFP for the long-haul: refining the evidence, honing the model, proving it works, and taking it to scale.

My second point about NFP – Nancy Roob and the Edna McConnell Clark Foundation are setting the bar for what strategic partners can achieve when they collaborate on scaling change in innovative ways. EMCF three years ago set up a break-through pilot for growth capital aggregation. The intent was to accelerate the replication and sustainability of the NFP. The goal was \$120 million. EMCF put up \$39 million. The other \$81 million is from 19 public and private co-investors, including RWJF. The "partnership" part of the NFP is a big reason that right now the program serves more than 20,000 families in 378 counties in 31 states.

Now here is your take-away: you won't find a better model than the NFP for bringing investments to a scale sufficient enough to meet and match a universal social need. The trick is to stay the course, rely on evaluation and data as your guide rails, and embrace the fact that it may take many partners to bring it all to scale. I want to be honest with you. Successes like 9-1-1 and NFP don't just happen. 9-1-1 was a sudden fast-track sensation. The Nurse Family Partnership

may *talk* about it as an “overnight” success – but it was three decades in the making.

Moreover, not every attempt to scale goes as planned. Programs and projects are supposed to evolve in linear sequence. The way forward seems crystal clear, one step logically leading to another. You may not even notice when it starts to go wrong – until, the clarity is replaced by confusion. That’s when you realize you’ve been wandering in the desert all along – and you watch helplessly as your mission evaporates in mirages of your own making.

You may have heard about our program called “Faith In Action.” It’s a great concept – that interfaith coalitions can mobilize volunteers to provide services to the frail, the elderly and the homebound. Over several years we helped thousands of people – especially in low-income and underserved communities. Many of Faith in Action’s wonderful sites still deliver on that original promise on their own without our dollars. For a long, long time we had high hopes Faith in Action would succeed on the broadest of scale. It did not – and we have only ourselves to blame. Failure is a hard pill to swallow – especially in a field where simply *doing* good is never quite good enough. We’ve always worked closely with the inter-faith community – and continue to do so. But our passion to make Faith in Action a winner raced too far ahead of our normal practicality. We didn’t follow our own advice – and let urgency completely overwhelm plain old commonsense.

We were in a desert of our own making and for the longest time we didn’t even know it. We’ve had to face the hard fact that Faith in Action was under-capitalized from the beginning. We didn’t have the right business model – and we weren’t vigilant and faithful to the model we *did* have. We underestimated grantee capacity to make the model work. We accepted too many grantees that didn’t meet our criteria. Let me tell you, I could go on!

This sounds like a checklist for failure. It’s really a primer on how to learn how to learn. Turn the negatives into positives, and it’s a blueprint for success – so long as you adhere to the Three C’s: capital, capacity, and competence. No matter how worthy your goal and how exciting your vision, scaling cannot and will not happen without these Three C’s – which is why two of our still-small program-driven investments give us such hope.

Playworks and Green House are good examples of what happens in this arena

when you apply what you've learned wisely and well. Playworks is about grade school kids and the benefits of safe, healthy, structured play at school. Green House is about how and where we care for the oldest members of our families. Though their missions are different, they share similarities. Neither is one of those – Grand Big Hairy Audacious Goals that Jim Collins writes about.

Instead, they are tightly focused, purposeful programs designed to meet the concerns of specific populations along the spectrum of social need. Each program is the brainchild of a charismatic social entrepreneur: Jill Vialet of Playworks and Bill Thomas of Green House. Each perceives social problems as golden opportunities. For Jill, it was bringing order to chaos at recess on the playgrounds of northern California schools. For Bill, it was offering a commonsense alternative to the depersonalized institutional nursing homes he encountered in upstate New York. Each leader possesses a near-prophetic, evidence-based vision how to solve the problem in a meaningful way.

Playworks builds on clinical research demonstrating that organized school play time is essential to the social, emotional and physical development of children. Green House replaces traditional high-volume nursing homes with decentralized clusters of small houses that provide elders with a great way of life and good medical care in a home-like setting. Each delivers measureable results.

In schools with Playworks, 85 percent of the principals where the program exists report an elevated pace of learning. Students resolve conflicts easier. And get this – bullying is decreased. ABC's *Nightline* last month called Playworks "WD 40 for America's schools."

Green House residents told independent surveyors that they enjoy a higher quality of life, better levels of satisfaction and emotional well-being, and greater participation in social outings.

Each approaches going to scale with deliberation. For Playworks, it took 10 years to reach 100 schools. Expansion follows a specific agenda. They rely on plenty of research. We've investing \$29 million in grants and program-related investments to help take it to a larger scale. The present goal is 500 schools in 27 cities in the next two years reaching over 200,000 elementary school children. We are working to build evidence of its effectiveness with a randomized evaluation, under way now.

For Green House, it's taken 8 years to get 87 homes up and running. We've invested \$14 million over the past decade. The project is on its way to being self-sustaining. The Wall Street Journal calls the Green House Project "A serious challenger to the nation's system of 16,000 nursing homes." Grants, PRIs, business development loans – it's a mix of traditional and non-traditional financing. This is what I mean by "leverage." The partners can do more together with less of their *own* money than if they were on their own. Take Green House, for instance. We are now working to create a PRI investment to help Green House come up to scale. We fund NCB Capital Impact, a non-profit community development organization affiliated with NCB, a national financial services corporation, to provide technical assistance and loans to local organizations that are developing new Green House projects on their own. This is a great vehicle for taking a mission-related investment to market-driven expansion.

Some experts expect our NCB Capital Impact funding to attract perhaps *five times more* in additional investor funds for Green House, with the potential to reach nearly 30% of the market for new construction of nursing home beds. We expect new funding approaches like this will become increasingly common – especially in health and health care.

We are certain we *can* scale-up both change *and* impact through these investment strategies and partnerships – so long as they align closely with our mission and program goals.

In fact, beginning next year RWJF plans to allocate up to \$100 million into what we're calling the Impact Capital Budget. We'll put the money to work in mission-related investments and strategic collaborations between early 2011 and the end of 2013. This is over and above our regular grant-making. Our intent is to recalibrate our thinking and funding for this new era of social change.

The Social Impact Exchange is the right vehicle at the right time. Harsh economic times and a rising surge of social need compel us to this new way of doing business. This first meeting's almost like a national council for the betterment of our peoples' common condition. Funders, philanthropies, grantees and the marketplace itself – we're resetting the table for instigating and scaling social change. I think we all agree that none of us can realize our most noble objectives on our own – no matter *how* substantial our resources or *how* clever our grant-making. Missing up to now, however, has been a central center of gravity – a hub that gives us definition and identity, a clearing house of knowledge and funding.

This may well be a pivotal moment for the investment in and development of social change in America. If the Social Impact Exchange didn't already exist, we'd have to invent it!

The fact is that the impact we all seek is too overwhelming for the solitary change-maker. That's why we've come together. Both the big and the not-so-big among us, leveraging our collective intellectual and financial wealth. *This* is when the odds even out, when that summit's no longer so insurmountable and our joined abilities finally match the scale of our aspirations.

Back in the old days when the solo practitioner was the ideal, talk like this would have been considered risky, even revolutionary. Not today – when nothing *less* than a revolution is necessary to do the job. It's been said that no one makes a revolution by him – or her-self.

There's an old African proverb that puts it perfectly. It says . . . “A *single* hand cannot cover the sky. / (No) - it takes *many* hands to cover the sky.”

My friends, *we* are the many hands – when we lift them up together, when we seek to lighten a burden by sharing it, when we recognize it is up to all of us to elevate each of us. This is when our raised hands will cover the sky. And the future we have so long hoped for all our people will be upon us. You are resilient and resourceful partners for the journey that awaits us.