

# The Power of Social Enterprise and Grass-Roots Decision Making: Lessons in Innovation

By Peter Davidson and Amy Freitag



CALIFORNIA HARVESTERS

California Harvesters, a 2017 JMK Innovation Prize awardee, has reimagined the labor supply system in California's Central Valley, improving worker conditions and wages and providing growers a better, more reliable supply of workers.

The transformation of America's political landscape over the past year has forced philanthropists to weigh the critical question of whether to stay the course with existing grant-making strategies or instead make changes and inject resources into causes that are coming under fire.

Not only have fast-shifting policies caused our family foundation to re-evaluate what we support and how we give, they have thrown into sharp relief the entrenched social, economic, and environmental problems that our existing institutions have long failed to vanquish — and, indeed, may be making worse.

In short: Are we adapting enough to this new reality?

This question is part of the reason we've decided to try a different approach to grant making.

Two years ago, with the support of colleagues in the world of social innovation, we put out a call to people across the United States. We received an outpouring of ideas, many either too new or untested to attract funding from traditional philanthropy — exactly what we had hoped to find.

That first J.M.K. Innovation Prize awarded up to \$175,000 over three years to each of 10 early-stage projects we thought had visionary potential. They ranged from revitalizing jobs in Appalachian coal country to helping veterans in Washington State re-enter civilian life through sustainable farming.

This year, we invited applications for our second Innovation Prize, and we were once again inundated with ideas — 1,193, to be exact, from 49 states. But there was a qualitative difference in this year's pool.

## **A New World Order**

Both the 2015 and 2017 applicant pools were, to be sure, brimming with fresh and exciting models of change. But this year, nearly across the board, we saw an urgent intensity that reflected what one of our reviewers called a "response to the new world order."

The 2017 applicants reflected a growing perception that the entire landscape in which they were operating was changing dramatically — especially in the areas of immigration, criminal justice, and the environment. Their proposals were driven by a strong conviction that public and private institutions were simply not up to the task — and there wasn't a moment to lose.

That heightened intensity was obvious to us, for example, in the avalanche of submissions dealing with immigrants and refugees — a clear response to the Trump administration's signals that it would tighten U.S. borders.

Swapna Reddy and Elizabeth Willis could not have fully anticipated such a drastically different climate when they launched the Asylum Seeker Advocacy Project fresh out of Yale Law School in 2015.

But the project took on new importance this year. Recognizing that our current system of legal assistance for asylum seekers was overwhelmed, the project crowdsources pro bono lawyers to take on pieces of each pending case, not entire cases. It uses online technology to coordinate volunteers — about 500 at this point — whose work becomes ever more essential as barriers to asylum grow higher. If their idea catches on, the advocacy project could transform the way legal services have worked for decades.

California Harvesters, a new project addressing the needs of farm owners and immigrant workers, is tackling another large-scale challenge.

The idea was spawned when a farm owner in California's Central Valley approached Carmen Rojas, chief executive of the Workers Lab, complaining about the difficulty of securing a reliable supply of workers through contractors. So she and her colleagues have created a "workers trust," an entity governed by workers that replaces traditional labor contractors.

Because it can draw on a large pool of vetted and readily available laborers that farms want, the trust can negotiate for better wages and working conditions as well as for a small ownership stake for workers in each farm. That's a win for both the growers and the workers, and it's already beginning to spread to several farms.

We also saw a surge of ideas focused on revamping the criminal-justice system, an area of growing action across the nation.

Among them was a new approach called the Neighborhood Opportunity and Accountability Board. Conceived by David Muhammad of Oakland, Calif., the nonprofit's goal is to replace a juvenile-justice system that all too often has a devastating impact on young offenders. As an alternative to locking up youths, the project is creating neighborhood-based boards that reimagine youth justice by positively intervening in the lives of young people and their families. The board

isn't an incremental approach to change, it's revolutionary.

## **A For-Profit Approach**

And as the White House backs away from America's commitments to combat climate change, we heard from social entrepreneurs with solutions of their own.

They included Gator Halpern and Sam Teicher, recent graduates of the Yale School of Forestry & Environmental Studies, with a new project they call Coral Vita. It's a for-profit social enterprise that intends to grow resilient corals and transplant them into threatened reefs, helping preserve biodiversity while supporting local communities.

## **Collaborative Decision Making**

So what have we learned?

This year's prize persuaded us to double down on our longtime giving areas that have taken on new urgency due to federal funding cuts or policies that don't reflect our values. In particular, the prize helped us discover outstanding grass-roots efforts focused on refugee rights, social justice, and environmental conservation — and gave us the opportunity to throw our support behind them at a critical time for our country.

Second, the prize opened our eyes to the power of for-profit social enterprises to bring transformative change to scale. Coral Vita was the first for-profit our foundation has supported through the prize and offers a promising new model for our grant making. By focusing on venture capital and venture philanthropy, not government funding or traditional grants, the founders of Coral Vita have opened a pathway to succeed where nonprofits may struggle.

Third, we've seen the collaborative decision making that is a hallmark of the recipients we picked, including California Harvesters and the Neighborhood Opportunity and Accountability Board. We've taken to heart their message that only by bringing new voices to the table — especially those with a direct stake in the problem-solving process — can we succeed in tackling the vast, systemic challenges our nation faces. (For more details about the lessons from the prize, see our new online report.)

Above all, the innovation prize has given us new flexibility, especially at moments of rapid change and surging need. It allows us to be nimble and take chances with smart, early-stage ideas. More than ever, it has highlighted the need to set aside time-honored thinking and make room for new solutions that embrace the best of business, technology, and government. That's a great recipe for progress.

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