

New Exchange Seeks to Help Charities Expand



Playworks, a children's charity, won \$18-million from a foundation to expand last year. (Playworks)

By Ben Gose

Many nonprofit groups with demonstrated results still struggle to raise money to spread their programs, despite plenty of talk in the philanthropic world over the past decade about focusing dollars on what works.

That mixed record has prompted interest in a capital marketplace — not unlike the stock market — where money would flow naturally to charities offering the best programs.

The creators of the Social Impact Exchange hope it can become that marketplace.

The new online forum will allow top-performing charities to pitch their strategic plans to foundations and donors interested in helping such groups expand throughout the country. While anyone is welcome to make a donation to the vetted charities featured on the site, the exchange's focus is on foundations and affluent donors who can write large checks to cover a meaningful portion of a charity's growth plan.

The exchange, designed over several years by a charity called the Growth Philanthropy Network, came to fruition thanks to grants worth \$600,000 from the Robert Wood Johnson Foundation. The project has formed a partnership with Duke University, the home of several well-known professors who focus on philanthropy and social entrepreneurship, giving the idea added credibility.

About 500 people have signed up for free memberships in the exchange, including more than 300 in the two weeks following the site's announcement, according to Alexander Rossides, the Growth Philanthropy Network's president. The Robert Wood Johnson grant runs out next summer, and Mr. Rossides is approaching other foundations to help cover the exchange's costs. In 2012 it plans to start charging membership dues and hopes to become self-supporting.

The exchange's creators note that members must be willing to put in time to develop standards for it. Several "working groups" are already forming, including some that focus on specific fields like education and poverty alleviation.

"The key is to involve as many committed cross-sector players as possible to move the field forward together," Mr. Rossides says.

Members of the exchange include wealth managers at companies like Morgan Stanley and Wells Fargo, who also advise clients on philanthropy, and organizations like SeaChange Capital Partners that help charities draw up "growth plans" and solicit gifts.

"This exchange has as much promise to help promote a collective engagement as anything I've seen," says Edward Skloot, director of Duke University's Center for Strategic Philanthropy and Civil Society, and a former president of the Surdna Foundation. "It might happen, it might not. But there's promise here."

More Than a Web Site

The exchange is not simply a Web site — its organizers also plan to hold annual meetings at which foundations, donors, and a select group of charities can line up deals in person.

At the first meeting, in New York next June, approximately five charities with "extremely high levels of demonstrated impact and readiness to scale" will be invited to present their plans for growth. Such plans are expected to cost between \$5-million and \$30-million or more over several years. The exchange's goal is to obtain commitments from attendees to enable each of the charities to fully cover the costs of the plans.

Charities are also invited to participate in a business-planning competition that the exchange is sponsoring. Winners can receive up to \$100,000 in cash, as well as free consulting. Details about the competition can be found on the exchange's [Web site](#). The application deadline is December 18.

The site also features a "knowledge center" with research on expansion efforts and on social entrepreneurship.

J. Gregory Dees, an adjunct professor at Duke's business school and an expert on social entrepreneurship, will be among those writing what the exchange calls "case studies in action" — current examples of how organizations that raise money through the site are faring.

"For me, there's a lot of self-interest," Mr. Dees says. "We'll be tracking the groups seeking funding, and we can see what is working and what's not working."

Joel L. Fleishman, a philanthropy scholar at Duke, is also an adviser to the exchange.

The Robert Wood Johnson Foundation chose to support the exchange after realizing that the foundation didn't have the expertise to oversee the kind of growth that some of its grantees were pursuing, says Jane Isaacs Lowe, a program officer at the foundation. In 2008, for example, the foundation gave \$18-million to Playworks, a charity in Oakland that seeks to improve the experience children have during recess, so that the charity could expand to 27 cities by 2012.

"We are not an organization that necessarily has the capacity or the knowledge to really grow our evidence-based practices beyond a certain number of places," Ms. Lowe says. "For us, it became a question of how do we increase our own knowledge."

Less Fund Raising

At a part of the site known as the clearinghouse, donors can now make gifts to 11 charities, including Uncommon Schools, which runs charter schools. The listed gift options range from \$1,000 to \$100,000, although it is possible to write in a smaller-size gift.

Uncommon Schools, which operates 16 schools serving 3,000 students, is working with SeaChange Capital Partners to raise \$30-million for growth. The charity's plan calls for 33 schools to serve 12,000 students by 2014.

The charity's goal is to close the achievement gap between low-income black and Latino students and their white counterparts — something the group is already doing at its schools in New York and New Jersey.

Evan Rudall, the charity's chief executive officer, says the exchange holds the promise of allowing him to focus on the charity's mission, rather than spending the bulk of his time raising money.

"The exchange will position Uncommon Schools and others like it to be able to do less retail fund raising," Mr. Rudall says. "That allows us to get back to our core work of educating children, which is extraordinarily helpful."

SOCIAL IMPACT EXCHANGE: AT A GLANCE

What it is: A forum for providing support to help charities with proven programs undertake major expansion, and for studying such efforts.

Founders: Growth Philanthropy Network, Duke University, Robert Wood Johnson Foundation.

Members: Foundation and charity leaders, philanthropists, government officials, philanthropic advisers, researchers, and organizations that help charities solicit money for growth.

Features:

- A "clearinghouse" where vetted charities can list their growth plans for perusal by foundations and donors.
- A research section that will eventually include case studies of charities that receive support through the site.
- A business-planning competition with awards worth up to \$100,000 each.

Web site: <http://www.socialimpactexchange.org>

Growth Philanthropy Network is a nonprofit whose mission is to exponentially increase the impact of top-performing organizations by helping them scale their proven solutions to improve the lives of children and families nationwide.

Growth Philanthropy network's long-term goal is to build a growth capital marketplace that will provide consistent and reliable funding for the national expansion of best-in-class nonprofit organizations.

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