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Connecting you to **social impact thinking** worldwide



the Centre for Social Impact

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Edition 3: AUTUMN 09

FROM THE EDITOR

Welcome to the third issue of Knowledge Connect, the quarterly review that seeks to connect readers to ideas and debates related to social impact.

This issue highlights articles that deal with innovation – a term which has become fashionable in social impact circles. The summaries below highlight true innovators at work and enable us a peek at some of the behind-the-scenes work required to make these innovative ideas stick.

Writer and activist Peter Singer pushes innovative thinking directly onto the world stage with his new book, *The Life You Can Save*. This book challenges us to focus on what our obligations are to those trapped in acute poverty around the world. It is an ambitious effort to subvert dominant moral paradigms on giving.

Singer, a professor of bioethics at Princeton University's Centre for Human Values, spends part of each year in Australia at the University of Melbourne's Centre for Applied Philosophy and Public Ethics. He has made a career out of introducing radical ideas that eventually find their way into the mainstream. You may recall that his *Animal Liberation* (1975) is among the founding texts of the contemporary animal-rights movement.

In his recent work, Singer asks whether there is something "deeply askew with our widely accepted views about what it is to live a good life" given our knowledge and inaction in the face of widespread poverty and suffering. These arguments have been percolating since at least 1972 when Singer published the essay '*Famine, Affluence and Morality*.'

Will it eventually become the norm, as Singer suggests, for individuals in wealthy nations to see it as their duty to give in order to help alleviate world poverty? With time, his arguments may well prevail again.

Links are provided so that you may investigate the complete texts that interest you. As ever, you are invited to recommend ideas for future issues at: Knowledge.Connect@gmail.com

Barbara Merz
Editor, *Knowledge Connect*

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Edition 3: AUTUMN 09

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1. “MARKET REBELS AND RADICAL INNOVATION”

by Hayagreeva Rao, *The McKinsey Quarterly*, Number 2; 2009.

This McKinsey Quarterly article invites us to reconsider the concept of innovation in light of its mutinous roots. The author, Hayagreeva Rao is a Professor at Stanford University's Graduate School of Business. He has recently published a book on innovation entitled: *Market Rebels: How Activists Make or Break Radical Innovations*. Rao's aim is to encourage innovators to act more like insurgents and less like bureaucrats. True innovation, he argues, challenges existing interests, norms, social practices and relationships. For innovations to stick, dedicated groups are required who will mobilise society to bring a new idea into the mainstream.

Rao refers to the work of Professor Charles Tilly who studied social movements. Tilly identified four critical elements that a social movement must demonstrate: Worthiness, Unity, Numbers, and Commitment (W.U.N.C.). In others words, successful social movements require large numbers of committed members willing to take collective risks for the cause.

Similarly, Rao argues, these elements are essential if an innovation is to achieve social uptake. Each innovation he cites shows mobilisation of society through “motivated citizen groups.” The challenge for managers seeking social uptake of new ideas is to “start thinking like insurgents.”

Rather than standing behind PowerPoint presentations, insurgents rely on two-way conversations. Rather than controlling resistance to an idea, insurgents draw in enthusiasts to help shape it. Insurgents also use symbols to communicate their point of view, rather than relying on lengthy reports.

If you are looking to launch an innovative idea, this article is well worth a read.

To access the full article see: www.mckinseyquarterly.com/Market_rebels_and_radical_innovation_2292

2. “ELECTRIC EVANGELIST – CAN SHAI AGASSI OF BETTER PLACE, AN ELECTRIC-CAR COMPANY, HONOUR HIS GRAND PROMISES?”

The Economist, May 2, 2009.

Shai Agassi has an idea that would radically alter the automotive industry: he's leading the “re”-charge of the electric car.

Electric cars have been around for years; however they have neither been cheap enough nor convenient enough for the mass market. So, Agassi has developed a systems integration solution for the problem. His insight is to physically separate the battery from the car, thereby allowing a network of battery swapping stations to service a fleet of electric vehicles.

This idea requires integrating the operations of the fleet; swappable batteries, recharging points, electrical utilities and billing systems. Customers can use their electric car on a pay-as-you-go basis where they are charged by distance rather than by day. Drivers can even get a subsidised car by purchasing a subscription with sufficient kilometres, in a similar way to how high-use mobile phone customers are offered handsets by operators keen to reward them for their business.

Agassi devised this concept at a workshop at the World Economic Forum where participants were asked to come up with a scheme to make the world a better place. His business is now – fittingly – called ‘Better Place’ and in just 18 months has already raised more than US\$300 million from investors.

The Economist reports that Better Place has signed deals with local and national governments in Australia, Canada, Denmark, Hawaii, Israel, and Japan.

Agassi's business model is based on the premise that electricity is cheaper than fossil fuels. Furthermore, with smart use of energy the battery swapping stations can recharge batteries at night, when electricity demand is lowest. Better Place is positioned to be a viable path to reducing our oil dependence.

Agassi has been likened to Apple computer founder, Steve Jobs, because he has the charisma and a “reality-distortion field” to make his futuristic vision seem possible to others. His vision for Better Place could transform transportation as we know it.

For the full article: www.economist.com/people/displayStory.cfm?story_id=13570470

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3. “MESSAGE IN A BOTTLE: DAVID DE ROTHSCHILD’S OCEANIC ECO-CRUSADE”

by John Colapinto, *The New Yorker*; April 6, 2009.

What on earth is a billionaire doing cruising the Pacific on a bottle-boat named Plastik? To find the answer to that question requires a bit of history and a bit of imagination.

In 1947, the Kon-Tiki set sail across the Pacific Ocean from Peru to Polynesia on a demonstration voyage to show that tribes from South America could have crossed the ocean and settled the Polynesian islands. Now fast-forward to 2009, when a sixty-foot bottle-boat called the Plastik was named in Kontiki’s honour. Get it? Plastik is attempting to go where no bottle-boat crew has gone before by setting sail from San Francisco to Sydney as part of an eco-crusade. The expedition’s driving force is David de Rothschild, the 31-year-old environmentalist and billionaire heir to the European banking fortune. According to de Rothschild, the innovation at the heart of the venture is to build a ship made entirely of recyclable plastics, producing its own energy and generating zero noxious emissions. With the Plastik, de Rothschild hopes to revolutionise shipbuilding.

The endeavour has already hit stormy waters. First, financial costs have run high without any assurance of practical uptake by the shipping industry. Second, the materials themselves have a heavy environmental price tag. The team has created the ship’s catamaran hulls from 12,000 water bottles – an odd choice given that the bottles themselves are an obvious luxury. Peter Singer (see book review below) has asked in earlier writings how we can buy bottled water when a virtually identical alternative is available for free. Why not turn on the tap when you’re thirsty and send the saved money to the one out of every six people on the planet who don’t have access to safe drinking water?

Third, the originality of the expedition itself is in question. It turns out that de Rothschild’s bottle-boat eco-crusade is not unique. In 2008, another environmentalist, Dr Marcus Eriksen, sailed a bottle-boat made from 15,000 plastic bottles from California to Hawaii. Both men wanted to claim the name ‘Plastiki’, but eventually Eriksen settled on the name ‘Junk Raft’ for his vessel. Both men also want to raise concerns about the deluge of plastic floating on our oceans.

The Junk Raft landed safely last year. If de Rothschild’s voyage is successful, perhaps you may see the Plastik bobbing into Sydney Harbour sometime later this year.

For more on the expedition see: www.adventureecology.com/theplastiki

For the complete article see: www.newyorker.com/reporting/2009/04/06/090406fa_fact_colapinto

4. ‘NOW WHAT? THREE SUCCESS FACTORS FOR TRANSLATING THE CORPORATE RESPONSIBILITY TO RESPECT INTO PRACTICE’

by Faris Natour, *Leading Perspectives: A Trends and Solutions Publication from Business for Social Responsibility*; Spring 2009.

Corporate responsibility for human rights is a hot topic. As part of the discussions over the last few years, UN Special Representative for Business and Human Rights, John Ruggie, facilitated the development of a conceptual framework: ‘Protect, Respect, and Remedy.’

It asserts that the state maintains its duty to **protect** citizens from corporate human rights abuses. The corporate responsibility is to **respect** all human rights. Finally, there is a need to provide access to effective **remedy** when human rights abuses do occur.

At its core, the framework for business leaders is akin to the standard in medicine: “First, do no harm.” This entails proactive due diligence such as creating a company-specific human rights policy and running impact assessments and performance reviews for the business and its supply chain.

The author of this article presents three factors to: “strengthen the uptake of the UN framework.” They are:

- 1) Focus on impact
- 2) Reevaluate corporate responsibility for positive rights
- 3) Encourage collaboration by all stakeholders.

While this may seem straightforward, Natour’s framework-speak may muddle a simple truth: this will be hard.

To achieve status as a norm requires a vanguard of businesses to seriously integrate corporate responsibility for human rights into standard operating procedures. These efforts must be valued and demanded by consumers. Only by rewarding companies that proactively engage in human rights will the market reinforce its value.

For human rights to take hold in corporate culture, CEOs need to move beyond thinking about it as a process to be managed or a box to be ticked. Corporate responsibility for human rights could flourish if businesses incorporate human rights and other ethical norms into everyday decision-making.

Alternatively, the framework could simply languish in a clunky document destined for UN purgatory.

To read the article see: www.bsr.org

To learn more about how to integrate human rights into everyday business practices see the fact sheets prepared by The Australian Human Rights Commission:

http://humanrights.gov.au/human_rights/corporate_social_responsibility/index.html

5. “TEN NONPROFIT FUNDING MODELS”

by William Landes Foster, Peter Kim, and Barbara Christiansen, *The Stanford Social Innovation Review*, Spring 2009.

This article recommends that a new shorthand lexicon is needed for nonprofit leaders to articulate quickly and clearly how their organisations are focused and financed.

The authors provide a useful cheat-sheet to alleviate funding fuzziness in the nonprofit sector. They identify the following ten nonprofit funding models:

- 1) Heartfelt connector – focusing on a cause that resonates with people at all income levels (e.g. breast cancer research)
- 2) Beneficiary builder – relying on people who have benefited from services to supplement future beneficiaries (e.g. hospitals and universities)
- 3) Member motivator – supporting activities that members already seek (e.g. many arts and culture groups)
- 4) Big bettor – relying on major grants from a few individuals (often a primary donor focusing on a deeply personal issue)
- 5) Public provider – providing essential social services for which the government has previously defined and allocated funding (e.g. some legal services)
- 6) Policy innovator – convincing government funders to support alternate methods by presenting their solutions to social issues as more effective and less expensive than existing programs (such as a new approach to dealing with homelessness)
- 7) Beneficiary broker – competing nonprofits in an area where beneficiaries are free to choose the nonprofit from which they will get the service (like employment services or student financial aid)
- 8) Resource recycler – collecting in-kind donations from corporations and individuals and distributing these donated goods to needy recipients who could not have purchased them on the market (e.g. a hunger relief)
- 9) Market maker – providing a service where the market is unable to for legal or ethical reasons. These organisations generate the majority of revenues from fees or donations linked to their activities (e.g. organ donation)
- 10) Local nationaliser – building a national network of locally based operations to focus on issues that are important to local communities across the country where government alone cannot solve the problem (e.g. children in need of adult role models)

To access full article see: www.ssireview.org/articles/entry/ten_nonprofit_funding_models

6. “FACTORS AFFECTING MEMBER PERCEPTIONS OF COALITION IMPACT”

by Rebecca Wells, Mark Feinberg, Jeffrey A. Alexander, and Ann J. Ward, *Nonprofit Management & Leadership*, vol. 19, no. 3; Spring 2009.

What is it that makes a successful coalition – and what is the X-factor that makes its members believe they are achieving a real impact? This academic paper investigates these questions by bringing together and extending research on perceptions of social impact.

The authors' research focuses on coalitions – which are defined as large collaborative efforts to address a widespread social ill such as HIV infection, cardiovascular disease, domestic violence, or binge drinking. Coalitions typically include nonprofits, businesses, and government agencies working together.

The research shows that participatory processes matter greatly to perception of impact. Boosting members' perception of impact, the authors write, leads to stronger coalitions able to achieve impact over time. The authors acknowledge that coalitions are fragile and that building true coalitions requires time. Even more time and commitment by members is required for a coalition to produce tangible change.

To study how coalition members felt about the social returns for their efforts over time, the authors examined forty-five youth-oriented coalitions. They surveyed perceptions of how much change had occurred in the previous year in community awareness of youth-prevention issues, collaboration in support of community-based programs, the quality of such programs, and community well-being.

Their results indicate that the perceived impact of the coalition's efforts did not depend upon member knowledge or skills. Instead, what mattered was the degree to which members' perceived they were engaged in the decision-making.

This research provides a tactical tip for coalition leaders: encourage your members to be engaged and to be part of the change you seek.

To order the full text of the article see: www3.interscience.wiley.com



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7. “PARTICIPATION SOCIETY”

Griffith Review, Edition 24, by Griffith University, 2009.

CSI's very own Peter Shergold and Cheryl Kernot appear in the Griffith Review's recent issue on participation society. Both essays are reminders that structural innovation is at work in Australian society.

Kernot's essay, 'A quiet revolution,' is a personal reflection on a shift she sees towards a society which puts: "social value at its core." Kernot writes about social entrepreneurship which she believes is already reshaping people's relationship to their society.

Shergold writes from his experience in public service, identifying what changes he has seen and what changes he would like to see. His essay, 'Been there, done that, still hoping for more,' is a call to action for Australian policymakers to make better use of trust and engagement – "the twin pillars of a participation society."

Clearly, changes are at work in the processes of governance around the world. More people are engaged in shaping policy. Shergold notes that sources of policy influence are disseminating among an "interdependent mix" of government, markets and networks. Like Kernot, Shergold believes that the Australian government could better harness social innovations by improving the way it works with the social sector.

Both essays, in different ways, point to examples where a stronger participation society is emerging. The authors are hard at work trying to usher this process along.

For full texts see: www.griffith.edu.au/griffithreview/campaign/Kernot_ed24.pdf

and

www.griffith.edu.au/griffithreview/campaign/Shergold_ed24.pdf

8. “FAIR GO NATION HAS GONE”

by Peter Wilson, *The Australian*; May 9, 2009.

Australia may have built its reputation as a society that offers a 'fair go,' but a recently released book challenges this self-perception. And what's more, it says our lack of equality may be bad for our health.

The Spirit Level: Why Equal Societies Almost Always do Better, by Richard Wilkinson and Kate Pickett, has already stirred up debate in the United Kingdom. Now, this book has come to Australia.

The Archbishop of Canterbury, Rowan Williams, personally gave a copy to Prime Minister Kevin Rudd when he was visiting London. The innovative, analytical approach that underpins the book is epidemiological. The authors argue that unequal countries suffer a greater level of disease at all income levels compared to more economically equitable nations. They present data on mental illness, obesity, cardiovascular disease, drug abuse, teenage pregnancy, and violence ranging from school bullying to murder. And the results? Higher rates of each of these social ills are recorded at all levels in those societies which have less economic equality.

Wilkinson and Pickett theorize that acute status difference has a psychological and hormonal effect that contributes to health problems. Australia – in contrast with its self image – is identified as one of the most *unequal* societies out of the twenty-three largest developed nations. This would have a

consequence for the current government which has built a policy platform around the idea of social inclusion.

The book posits that the scale of income differences has a powerful effect on how citizens relate to each other and the pressure that is felt by those along the entire length of the spectrum. Of course, critics have pointed out that differences in rates of disease among nations could be described by more complicated interplays of cultural and social behaviours. Inevitably, there is disagreement about what the data can actually prove.

At the very least, Wilson points out, the book shakes Australians' notion that it remains a 'fair go' nation. The authors' "argument for equality [is] not a plea for fairness but a warning to the rich and middle classes that they will end up worse off unless they ensure that the poorer members of society are doing well."

In contrast to Peter Singer who writes about the logic of giving, Wilkinson and Pickett believe that contributing to a more equitable world can be better for your health.

To see the article: www.theaustralian.news.com.au/story/0,,25448645-28737,00.html

To order a copy of the book: www.equalitytrust.org.uk/resource/the-spirit-level

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BOOK REVIEW

THE LIFE YOU CAN SAVE: ACTING NOW TO END WORLD POVERTY

BY PETER SINGER, TEXT PUBLISHING, MELBOURNE; 2009.

Reviewed by Dr. Michael Liffman, Director, Asia-Pacific Centre for Social Investment and Philanthropy, Swinburne University.

Peter Singer's latest book should be one of his least controversial – and, paradoxically, therefore one of his most important.

Singer's ideas inevitably excite heated debate, largely because, notwithstanding their extraordinary lucidity, logic and respect for facts, they rest on premises – the priority of avoiding suffering, the interests of animals, the rejection of the sanctity of human life, the lack of any higher spiritual order – which many find challenging, emotionally as much as intellectually, and react against in a deeply visceral way.

In contrast, *The Life You Can Save: Acting Now to End World Poverty* is based on a fundamental premise which no ethical or religious system could find fault with. It is virtuous to be generous. This is followed by a second similarly incontestable premise: many of us can afford to be more generous than we are.

Of course, Singer does not leave the case at that level of simplicity. He tackles head on the arguments and rationalisations that people (and governments, and business) then offer for not giving as much as they might, and here his argument is characteristically informed and sophisticated. We – and our governments – are in fact generous enough; donated money does not reach the poor; those close to us have a greater claim on our care than those with whom we have less connection; why should some give if others won't; aid needs to be directed at changing systems rather than helping individuals: these and other similar propositions are examined and incisively challenged in the rest of the book.

Singer also looks at the psychology of generosity. Particularly interesting is Singer's discussion of 'default generosity.' Singer cites the differing rates of organ donation in the seemingly similar counties of Austria and Germany – 100% as against almost 12% – observing that

the reason lies in the simple fact that Austria requires people to opt out of donating whereas Germans are required to opt in. Similar dynamics operate with such mechanisms as workplace giving. Underlying this is the reality that an act of generosity is more likely when an individual **must act decisively in order to avoid being generous**, than where the **individual must act decisively in order to be generous**.

Singer concludes by suggesting a realistic standard for how much can be asked of people, proportionate to their income, and asserting that widespread observance of this standard would come close to eliminating world poverty. He proposes a progressive scale, starting at 1 percent of annual income for those who are middle class and earn less than \$105,000 a year, and rising to 33.3 percent for those earning more than \$10-million. He describes this (very reasonably, it seems to me) as "not overly demanding."

In a strange way, my first reading of this book led me to feel that, as always, Singer was being bold. But, I reflected, what is bold in making a case that every old-time Sunday school teacher would feel comfortable proposing? The boldness was, I concluded, that a leading intellectual would choose to promote such a manifestly obvious idea. Can a heavyweight thinker not find a more morally and intellectually challenging case to take on?

The reality, of course, is that despite its truth, the case Singer makes is resisted, or perhaps avoided, infinitely more often than it is accepted. Singer has made that evasion far more difficult. This is why I believe this book may be his most influential yet.

To order a copy of the book see: www.thelifeyoucan save.com