

The Center on Philanthropy and Public Policy

University of Southern California

2010-11 Distinguished Speakers Series

October 28, 2010

Sally Osberg

President and CEO

Skoll Foundation

Partners in Possibility: The Skoll Foundation's Work with Social Entrepreneurs

The USC Center on Philanthropy and Public Policy opened its 2010-11 Distinguished Speakers Series with an address by Sally Osberg on October 28, 2010. An integral part of the Center's work and its mission is to provide a forum for bringing together leaders in the philanthropic, nonprofit, policy, and business communities to consider the promise and potential of philanthropy for public problem solving, and what it takes to realize those aspirations.

Sally Osberg has led entrepreneurial organizations and been an agent for social change throughout her career. As President and CEO of the Skoll Foundation, she partners with Founder and Chairman Jeff Skoll and heads the organization's team in identifying and supporting innovators pioneering scalable solutions to global challenges. She is a well-known proponent of thought leadership, research, and alliances that advance the work of social entrepreneurs solving the world's most pressing problems.

Currently, Sally serves on the boards of the Skoll Foundation, the Skoll Global Threats Fund, the Oracle Education Foundation and the Palestine-based Partners for Sustainable Development. She was founding Executive Director of Children's Discovery Museum of San Jose, guiding that institution to international recognition for its cutting-edge work in the museum field, and formerly active as a director on the boards of the American Association of Museums, the American Leadership Forum, and Women and Philanthropy, among others. Sally has received the John Gardner Leadership Award from the American Leadership Forum, been inducted into the Junior Achievement Business Hall of Fame, and been named by the San Jose Mercury News as one of the "Millennium 100" for her role in shaping and leading Silicon Valley.

The following is a transcript of Ms. Osberg's remarks.

MS. OSBERG: It's really a great privilege for me to be one of your distinguished speakers. Looking back over the roster of very eminent speakers you've had here, I couldn't help but be struck that only two of them, my good friends Tim Wirth and Paul Brest, actually have had the good fortune of knowing and working with their foundations' founders. Now I think I'm willing and able to go them one better, because I don't think either of them actually had their boss here at this luncheon. Ladies and gentlemen, it's my great privilege and an honor for me to be able to introduce the Skoll Foundation's Founder and Chairman, Jeff Skoll. Of course, having your boss in the audience is one way to keep you honest; so I'll be on my best behavior. Okay. Here we go.

The Skoll Portfolio



I'm here talking about the Skoll Foundation today but really the Skoll Foundation is part of a family, and that family is really the Jeff Skoll suite of organizations. Jeff's philanthropy encompasses very much more than the Skoll Foundation. In fact, he's really had the genius to understand that there are different structures, different organizational designs, and different purposes that one can really exploit to drive positive social change in the world.

So with that I'd really like to introduce my siblings here from the Jeff Skoll Group, a couple of whom have served on the -- all of them actually, have served on the committee for this event. And I'd like them to stand because they really are -- they're the ultimate partners in possibility for those working with Jeff on behalf of building that better world. Noah Manduke, who is the Chief Strategy Officer for the Jeff Skoll Group. Jim Berk and Ricky Strauss, who are CEO and President of Participant Media. And Chris Gebhardt with Take Part is here, too. And as I said, I'm the sister and they're my brothers, and we are really one very special family.

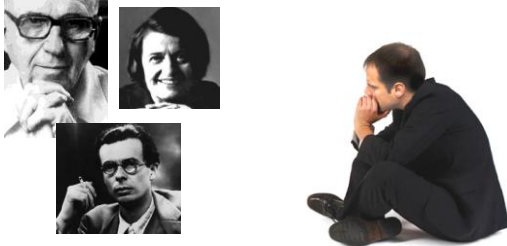
Finally I'd like to introduce two very dear friends who are here. Ellen Ziffren, who worked with the Skoll Foundation in its early days and is very much connected with us and is doing great work in cancer philanthropy right now. And my dear friend Ken Brecher, who is now heading up the L.A. Library Foundation and whom I've known for more than 25 years. We both ran children's museums together. And then, of course, Ken was the head of the Sundance Institute when we developed our amazing partnership with Sundance.

So as I said, a remarkable portfolio approach to philanthropy. I will talk about the Skoll Foundation, and, of course, we were the first; so we're the oldest sibling in this family. The story I'm going to tell you is really the story of the Skoll Foundation, but I'll touch upon how we work together to try to unleash that collective impact that actually leads to so much more change in the world than any one of us can do on our own.

In The Beginning

In The Beginning...

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FOUNDATION



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Our story really begins with stories. Jeff and I as kids both dodged irritating siblings -- his older sister, my younger siblings -- by resorting to reading; we took refuge in books. Now Jeff was a really precocious kid, reading well beyond his years, reading the likes of Aldous Huxley and Ayn Rand and James Michener. And because he was reading so far beyond his years -- I was still reading Nancy Drew, by the way -- from a very young age he actually developed a world view. And that world view was that things weren't headed in a great direction and that the world he was growing up into might not be as pleasant, might not give him as bright a future as he felt he and other kids should have.

At the same time, he recognized the power of stories, the power stories have to really shape who we are and what we care about. That led him to want to be a writer from a very young age. Because even though he was reading these writers who were sort of on a negative path, he knew that there was also the possibility in writing to help people understand that they really did have the power to create a better world. So he wanted to be a writer.

Like many of us though, he puts that dream aside to go down a more practical path. He

chooses electrical engineering, graduates from the University of Toronto with a degree in electrical engineering and then gets cracking as an entrepreneur. He actually creates two companies well before eBay was in the picture, one of which was very aptly named as Computers on the Move. Well, it turns out those computers kept on moving and taking the company's profits with them, which led Jeff to think that there maybe was something more he needed to learn about running a business. And so he took himself from his native Canada to California and to the Stanford Graduate School of Business where he graduated with that MBA.

Fast forward. Probably most of you know where this is going. But you probably don't know that when Pierre Omidyar first asked the brash, new, young MBA to join him in starting this great new idea for an Internet auction company, Jeff, who actually had been to business school and knew the difference between a flakey deal and a good deal, had the good sense to turn Pierre down flat.

Well, his entrepreneur's instincts eventually got the better of him -- actually, it didn't take very long -- and he left his job at Knight Ridder, joined Pierre, became the company's first employee and first president. And then you all know what a remarkable trajectory and what a remarkable history that company had.

I was also reading Jane Austen when Jeff was reading Orwell and Huxley. The young fellow who wanted to be a writer instead became the first president of one of the most successful Internet companies ever. And in 1998, after the company's public offering succeeded phenomenally, he found himself in possession of a very fine fortune. So as all the folks in this room know: That for a

man in possession of a good fortune, what's next on the agenda? Well, it must be not a wife, as Jane Austen claimed, but a foundation.

In The Beginning...

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It is a truth universally acknowledged, that a single man in possession of a good fortune, must be in want of a wife.

Foundation

- Jane Austen

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I am so delighted with this crowd. This is great. I've tried that one on all kinds of people and none of them laughed.

At the time, of course, Jeff is still living with a group of guys, still eating burritos, and it does take him a little bit of time to adjust to this new reality.

So here I'm just going to pause for a moment and point out the obvious. Which is foundations don't start with big ideas or strategic plans or organizational charts, they start with people. And those people, what they care about, who they are, the difference they want to make in the world. And sometimes they probably don't want to make a difference; they're doing it for tax purposes or have a more perfunctory reason for creating foundations. But that person, that human being is what is the secret sauce of a successful foundation.

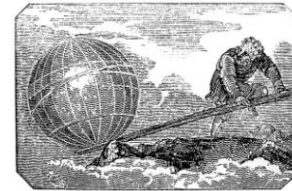
And in Jeff's case, it was all about bringing the entrepreneur together with the engineer, together with the writer. So how do you bring all that into the persona of what the Skoll Foundation could become? And that's really the story of what the Skoll Foundation

is. It's who Jeff Skoll is. And my job is really to ensure that we create DNA that is so powerful in this Foundation that no matter what happens in the future it will live and breathe who Jeff Skoll is and what he cares about.

So Jeff starts the Foundation just one year after eBay goes public in 1999, not with one of those huge slugs of money but with a huge vision -- and that is to live in a world, a sustainable world of peace and prosperity -- and with a down payment. Jeff likes to joke and say he built the Foundation on the installment plan, and that's actually not far from the truth. So he gets started with enough capital to begin learning what this philanthropy business is all about. And that gives him the runway really to get going and to learn as he goes. Very entrepreneurial. Very entrepreneurial.

In The Beginning...

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FOUNDATION



- "The first and fundamental fact about foundations is that they do not start with a concept or an organizational chart or a strategic plan. A foundation starts with a person, the donor. That human being, by his or her major charitable act, is the fountainhead from which all else—good, bad, or indifferent—flows."

- Waldemar Nielsen

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In the early days of the Foundation, Jeff really resonated to a special kind of nonprofit leader. These were folks he'd begun to run across while creating the eBay Foundation. And interestingly -- a little digression here -- a year before eBay went public, Jeff created the eBay Foundation with three IPO shares. So when the company went public, those blossomed into \$35 million and, of course, E-Bay started life with a corporate foundation. Very unusual.

And that model actually inspired many others in the valley and elsewhere in technology companies to do the same. But during the course of building that foundation, he actually kept running across these special kinds of folks. People like Eric Adler and Raj Vinnakota, who left very lucrative consulting jobs to create the world's first nonprofit boarding school for low-income kids, with the SEED school being the first expression of this mission in Washington D.C. I'll come back to this at the end of the story. But these were, these are smart, disciplined, strategic, entrepreneurial folks. And that was the kind of person Jeff felt could really leverage his vision for building that more sustainable world of peace and prosperity.

Well, 2001 those slugs of money kept on coming. And Jeff was really ready to bring in a partner to work with him and build out the Foundation's programs. And I was lucky enough to get the job. And you can see in ten years neither of us has changed a bit. Isn't that nice?

In The Beginning...



- **Vision:**
Our vision is to live in a sustainable world of peace and prosperity
- **Mission:**
Our mission is to invest in those with the greatest potential to make lasting, positive change ...

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Anyway, we got to work again in very informal ways over coffee in Jeff's kitchen and at the Mango Cafe in Palo Alto extrapolating a set of principles: empowerment and the multiplicative effect of leverage and community; a set of principles that would lead us to evolving a

mission that would be our guiding light. And that first mission was to invest in those with the greatest potential to bring lasting positive change to their communities and the world.

So we didn't yet know about social entrepreneurship. We didn't have the term, we didn't know that was the kind of person we had in mind for the focus of the Foundation's work. But we did know there were people around us who were very smart. One of whom was John Gardner, then at the Stanford School of Education.

John was a great social entrepreneur. He was the architect of Lyndon Johnson's Great Society, Secretary of Health Education and Welfare, the creator of Common Cause -- which just celebrated its 40th anniversary. Just a remarkable human being who had also been the president of a big foundation -- the Carnegie Corporation -- and in his day had actually launched the Corporation for Public Broadcasting, Sesame Street; so had continued to innovate.

Jeff and I went to see John and, of course, he was the perfect person to ask whether we were on the right track and what we should do, how Jeff should approach this challenge of building a new philanthropic enterprise. And John's advice was eloquent and extremely powerful. He said simply, "Bet on good people doing good things." And that affirmed that indeed we were on the right track with this idea of investing -- seeking out and investing in those with the greatest potential.

Well, good people lead you to more good people. And it didn't take long for us to come across Bill Drayton, whom some of you may know, the founder of Ashoka Innovators for the Public. And Bill is the person who coined this term social

entrepreneur and began to get traction with the idea that there were these agents of change in the social sector.

At the same time we brought in our good friend Noah Manduke, who was here to work with us in evolving the Foundation's identity and figuring out, doing the market research to figure out really are there other people doing this work, how can we figure out a niche so that we're not replicating what someone else is doing, we're adding value in the sector. And with Noah's help we were able to also take stock again in who Jeff is and what he cares about, that storytelling piece of work.

Jeff had already started thinking about how to realize that through work in media, in Hollywood. He hadn't yet created Participant Media, but he was thinking along those lines: The power of storytelling and the role of media. And with Noah's help and doing this analysis of the landscape and this self exploration, we came up with a mission that continues to guide us today. And that is to drive large-scale change by investing in, connecting, and celebrating social entrepreneurs and other innovators dedicated to solving the world's most pressing problems.

In The Beginning...



- **Vision:**
Our vision is to live in a sustainable world of peace and prosperity
- **Mission:**
The Skoll Foundation drives large-scale change by investing in, connecting, and celebrating social entrepreneurs and other innovators dedicated to solving the world's most pressing problems.



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Early Chapters: Building The Base

So who are these characters we call social entrepreneurs? Well, we like to think of them as pioneers of innovations that benefit humanity. Many of you know the famous Schumpeter description of the entrepreneur as an agent of creative destruction, or you may understand the idea that entrepreneurs really assume the risk of building ventures. Social entrepreneurs are cut out of the same cloth. They're the same kind of people: As disciplined, effective, driven to bring their innovations to the marketplace as business entrepreneurs.

Early Chapters: Building The Base...



Social entrepreneurs - n: Society's change agents: creators of innovations that disrupt the status quo and transform our world for the better.

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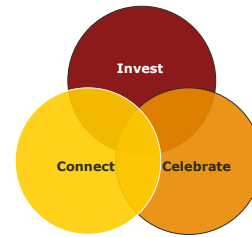
Victoria Hale is a great example. A pharmaceutical scientist who understood because of her work in pharma that there were all these incredible drugs on the shelves of big pharma that have a capacity to treat, prevent, cure developing-world diseases. Big problem though: The developing world markets couldn't afford them. So she creates the world's first nonprofit pharmaceutical company: The Institute for OneWorld Health.



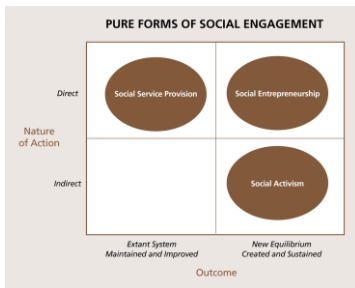
I like to say that the social entrepreneur is to the entrepreneur as Ginger Rogers is to Fred Astaire. Because the social entrepreneur has to do everything the entrepreneur does but backwards and in high heels.

More seriously, one of our directors, Roger Martin, who is the Dean of the Rotman School of Business at the University of Toronto, Jeff's alma mater, and I took upon ourselves getting a little more clarity around this definition of social entrepreneurship.

the system; really delivering service, improving the system's ability to deliver good service. And the social activist who is interested in disrupting the status quo but is doing it indirectly by trying to influence others in order to affect policy. The social entrepreneur, there on the upper right-hand corner, is -- there's a direct innovation which is serving a specific population in a very direct way. At the same time, the goal is really to shift the status quo to affect what we call equilibrium change.



Invest, connect, and celebrate. This is the heart of our strategy, the way we work with these partners in possibility. So how do we do this? Well, by investing, we try to unleash the power of the purse. Foundations are really defined by their financial assets in many ways, but the structure of most foundations -- and this isn't an invidious comparison, this is just the way it is -- the structure of most foundations is that there's a wall between the corpus investments and what's called the payout. So the five percent payout, which is the return on investments, it's what bonds the operation of a foundation and the grant-making.



And you can see these two axes: the direct and indirect intervention and the system which is maintained and improved and a new equilibrium there. We tried to distinguish among these actors in the sphere of social engagement. The social service provider doing good work in communities, very important work, but not really changing

The Skoll Foundation intends to use all its resources, including its capital, in pursuit of its mission



- *Engaged Shareholder*: Shareholder Resolutions
- *Security Selection*: Environmental Risks, Darfur, Participant
- *Aligned Investments*: Renewable Energy, Emerging Markets, Sustainable Fisheries
- *CIG's Principled Investing Approach*

Well, back to this sort of principle of leverage. There's a lot of power locked up in that corpus, and there's the ability for foundations to do more than make grants. So we also have operating programs at the Skoll Foundation, a couple of which I'll talk to you about.

We also make program-related investments. And probably many of the folks in this audience do as well and know what those are. They're kind of hybrids between a capital market investment and a grant. And then we try to unleash the power of the corpus.

In fact, there's a whole direct-investing asset class -- the Capricorn Team in the Jeff Skoll Group is seeking out entrepreneurs working on renewable energy or clean technology or more efficient ways of using water or senior housing or sustainable fishing. Anyway, they're trying to find the business opportunities that the business entrepreneurs are developing with double bottom-line returns.

Our connect work is carried out largely through our partnership with the Skoll Center for Social Entrepreneurship, which we created in 2003 at Oxford University's Said Business School. And the signature program of our work there is the Skoll World Forum, which we put on every year

and have put on every year since 2004. The first year we did it, no one was more surprised than I when 400 people from all over the world showed up in Oxford.

THE SKOLL WORLD FORUM
ON SOCIAL ENTREPRENEURSHIP



And it has since become the cranium gathering for folks working in this space: 800 delegates from 65 or more countries. They represent thinkers, social entrepreneurs, funders, financiers, media folks, and others. So it's really an incredible gathering designed to share what's working, shine a light on the issues, and really put the social entrepreneurs and their innovations right in the center; shine the light on them and let folks know what important work they're doing.

The Story Continues: Driving Impact



Our celebrate work is really harnessing the

power of media to tell the stories of these remarkable folks. Now, I'd wager everybody in this room can name folks on the left-hand side of that slide. Although I have to tell you, I didn't know who that guy in the pitcher's dugout was until about two weeks ago. I'd never heard of Buster Posey¹. And now I know him well.

And I'm going to root for him, by the way. I know that's heresy in Southern California, but with a staff that's actually over the moon on this, I have to be there, too.

Our belief at the Foundation is that you should know Albina Ruiz and her work to transform garbage collection and sanitation throughout Latin America.

You should know Sakena Yacoobi and the courageous work she's doing in Afghanistan with her Afghan Institute for Learning, which is bringing literacy to millions of Afghan women and girls.

You should know Amitabha Sadangi and the incredible work he's doing with smallholder producers throughout India and now in Africa.

They are incredible human beings. They deserve to be celebrities that our culture writes about, thinks about, recognizes, and supports.

¹ "Buster" Posey is a catcher for the San Francisco Giants, who at the time of this address were playing in the 2010 World Series.

The Story Continues: Driving Impact



Main Issue	Pressing Problem
Tolerance / Human Rights	Human Trafficking; Transparency; Women's Rights
Health	Access to Health; Pandemics; Sanitation Practices
Environmental Sustainability	Climate Change; Deforestation; Water Scarcity; Depletion of Natural Resources; Waste Management
Peace / Security	Conflict Resolution; Middle East; Arms; Post Conflict Development
Institutional Responsibility	Unethical Labor; Business and the Environment
Economic and Social Equity	Education; Microfinance; Poverty; Civic Engagement

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When talking about strategy at the Foundation, I like to say the "I's have it." It's the issue, the innovation really; that intersection of the promising solution and the pressing problem. The inflection point. It's the moment when something that's been proven and it's poised to scale, scale its impact in a significant way. Also the ripening of the issue and the ripening of the innovation; both are on a similar trajectory. And finally, the impact. That's what we're all in this for: To make a difference, to drive impact with the way we work.

The Story Continues: Driving Impact



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Some of you may recognize this remarkable social entrepreneur, Paul Farmer. And if I had the time, I could tell you some really wonderful stories about this fellow who is one of the most brilliant people you will ever meet.

He grew up second of six kids. Literally grew up in a trailer park. Very eccentric parents. The father moved the family in a blue bus which he bought, which had been a mobile TB clinic. Moved the family from western Massachusetts to Birmingham, Alabama, living in this bus which they called the Bluebird Inn in a trailer park.

So somehow this kid with this incredibly colorful upbringing excels in school, gets himself on a full scholarship to Duke and Harvard Medical School. While he's at Duke he also meets up with and gets to know a very activist nun who's working with Haitian farm workers throughout North Carolina. And that's where he actually is drawn to people who would become his life's work: The Haitians whose history of exploitation, whose culture, whose resilience he was drawn to as to nothing else. So in 1987 he and two colleagues create Partners in Health.

And just to give you an idea of how we think of inflection point, we brought Paul into our portfolio in 2007. 20 years of history with his model, proving that it was possible to deliver world-class health care in some of the poorest countries in parts of the world.

In the time since we've invested, this has been what the inflection point looks like. Paul and Partners in Health have gone from hundreds of thousands of patient visits, patient interventions, to more than 3-1/2 million today. And they're now in seven countries including three African countries, they're in Latin America and Haiti and the U.S.; so just a phenomenal inflection point there for Paul and Partners in Health. And doing incredible work now, in fact, in Haiti trying to stem this cholera epidemic.



Willy Foote, Root Capital. Willy attacks the missing middle, and this is the small- and medium-sized enterprise. Between microfinance and business you just don't have capital or ways to scale up small- and medium-sized businesses, especially in the developing world; so that's the sweet spot for Root Capital. They make credit available to these small-holder farmers mostly, who, joining together, can form a cooperative and purchase the equipment they need to really service larger capital markets.

Skoll leverage looks like this: We create a small film about Willy and his work, part of our Uncommon Hero series. We show it at the Skoll World Forum two years ago. Starbucks is in the audience. Starbucks sees the film, and Starbucks invests \$4 million in Willy's revolving loan fund. And today Willy's working with more than 350,000 small-holder farmers in 46 countries. So just a phenomenal, phenomenal record there, and a real illustration of how this work of celebrating and using media can actually make a tremendous difference.



A pair of really -- another pair of colorful social entrepreneurs: Andrea and Barry Coleman. Motorcycle racers who, on one of their trips to Africa, were actually appalled by what they saw. You know, hemorrhaging women being wheeled to clinics in wheelbarrows, and trucks, ambulances, motorcycles rusting by the side of the road for want of a \$3 part and an oil change. So with that, they go home, they mortgage their house. Again, this is the entrepreneur risk: They have to do it. "If not me, who? If not now, when?" They mortgage their house and they create Riders for Health. Very simple intervention: Using motorcycles to deliver health care.

Skoll leverage. Here's what it looks like: We, in talking with and getting to know Andrea and Barry, become really intrigued with their vision to transform their model so that they're actually leasing vehicles and managing their upkeep to ministries in Africa rather than going it on their own as an NGO. So we figure out a way to deposit guarantee in a bank in Gambia that secures the credit for them such that they can purchase this fleet of vehicles. They then are able to contract with the Gambian ministry to secure 100 percent health coverage for every one of Gambia's 2 million-plus citizens. First country in Africa to have 100 percent health coverage.

And the story gets even better. Last year we did a series with a partner called Rockhopper, a series on special entrepreneurs. Eight -- we profiled eight. The series was called "Alvin's Guide to Good Business." It was distributed on the BBC, seen in 200 countries; it's on airplanes and everywhere else that the BBC distributes its content.

When Andrea and Barry were going into Zambia to bring Riders for Health to Zambia, they showed this segment from the BBC series and were able to sign a Memorandum of Understanding to begin work in nine days. Now, that doesn't sound like much, but the normal time frame for getting a MoU signed, for getting the deal inked in an African country, is two years.

So that's what Skoll leverage looks like.



Another good friend of ours, wonderful social entrepreneur, Paul Hawken likes to say when asked whether he is pessimistic or optimistic about the future his answer is always the same: "If you look around and you read the signs and you aren't pessimistic, you just don't understand the data. But if you meet the people who are working to restore the earth and you aren't optimistic, you don't have a pulse."



Main Issue	Pressing Problem
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Economic and Social Equity	Education; Microfinance; Poverty; Civic Engagement

This is what the vision of social entrepreneurs looks like. These headlines are the headlines that they are writing now by committing their lives, their brains, their hearts to the work they're doing to bring about a more peaceful, just, and sustainable world. They're the people we have the privilege of working with at the Skoll Foundation. We call them social entrepreneurs. Regardless of whether you call them social entrepreneurs or not -- one of my friends calls them "human tipping points," which I actually love, too -- they are partners in possibility for us all.



These are the 83 social entrepreneurs in our portfolio. One of them actually is here. Robin Smalley, from mothers2mothers. She's one of the founders of mothers2mothers. And, Robin, it's just a real honor for me to have you here in the

audience.

But 66 organizations, 83 incredible human beings.

To Be Continued...



I want to close with this photo before I show a clip. It's a recent photo taken just two weeks ago, and it brings our story full circle.

How many of you have seen, "Waiting for Superman," Participant's amazing new documentary? The Davis Guggenheim documentary. Lots of you. It's an incredible story. You probably recognize Anthony. Anthony begins the story and he closes the story.

At the time "Waiting For Superman" takes up Anthony's story, he's a 5th grader. He's lost his father to drugs. His mother abandoned him. And he's being raised by his grandparents, by his grandmother in particular. He attends 5th grade. He's a very promising kid, but he's on track to go into a middle school in D.C. which is one of the poorest schools in a district that is famous for its poor schools. Today Anthony is one of the lucky ones, enrolled at the SEED School and on track to qualify for college admission by the time he graduates.

One of the first pair of social entrepreneurs we backed, the Skoll Foundation, in our early days was the team of Raj Vinnakota and Eric Adler, who created this first nonprofit college preparatory boarding school in the inner city; that first SEED School in D.C. So you can imagine how we all felt at the Skoll Foundation when Jeff and Davis and Jim and Ricky -- our friends at Participant, the remarkable team that put this documentary together, created this documentary -- and the kids, Anthony and his grandparents were all invited for a special screening of "Waiting for Superman" at the White House.

Jeff sent me this picture, I think, even before he left. There is Anthony and the President under the Lincoln portrait. Brings the story full circle, and it tells you what the face of change looks like. Social entrepreneurs work to make sure the possibilities in human beings, in the Anthonys of the world, are possibilities that are realized. When I opened this photo, I wept.

And now I'd like to show you a clip because, after all, we're in L.A., and we don't make big movies at the Foundation, but we understand the power of media².

MS. OSBERG: Thank you.
(Applause)

MS. WACHTELL³: Sally, thank you very much. The audience did submit some questions. We have a couple minutes. So I will share some of those questions with you, and then we can go from there. The first, somebody wanted to know how do you

² The referenced video clip can be viewed at <http://www.skollfoundation.org/latest-news/press-kit/>.

³ Wendy Wachtell is the President of the Joseph Drown Foundation and a member of The Center on Philanthropy and Public Policy's Board of Advisors.

know about, how do you find these social entrepreneurs?

MS. OSBERG: Well, it's a great question. We actually very intentionally build networks with partners all over the world; so we're sourcing them very intentionally. At the same time, we have an open applications process, two cycles a year. So we provide a sort of an online way for prospective applicants to assess whether they really might be suitable for a Skoll Award for social entrepreneurship.

But the real work is done, as I say, networking with folks all over the world. The Ashokas, the Grameen Banks, the Acumen Funds, with folks who really know and are able to identify folks who might be at that sweet spot, at that inflection point poised to really benefit from what a Skoll Award and the work we do can help them with. So partners. It's really important to have those networks of partners.

MS. WACHTELL: The next question is what advice can you give to those of us who run small family foundations and want to invest in social entrepreneurs but don't have the resources to make Skoll-sized impacts? How can we scale some of your effective strategies?

MS. OSBERG: That's a really, really wonderful opportunity. You know, Jeff and I both know a fellow who was a professor at Stanford Graduate School of Business, went on to be Dean of the Yale School of Business and is a social scientist, Joel Podolny, who has a whole theory around signaling capacity. And I believe all of us in foundations, one of the things we can do, -- because, after all, foundation support is only 15 percent of all U.S. philanthropic support -- one of the things we can do is really do a much better job at signaling and

connecting to people that these social entrepreneurs are investment worthy.

So we have the capacity to do pretty rigorous, intensive due diligence. So by the time we're putting them out there, they're ready for prime time. And, you know, I'd like to think that our core support to social entrepreneurs is enough to ensure their success, but it's not. We all know that nonprofits actually have to put together an awful lot of Skoll Foundation grants and individual contributions and revenue that they may derive from ventures that they promulgate in the marketplace. But we're happy to work with anybody who is interested in supporting Skoll social entrepreneurs.

And also there are others. You know, Ashoka's social entrepreneurs are -- most of them, they're at a different stage generally; they're often earlier stage and smaller. So I think we all should try to work together in a much more coordinated way to get these folks the capital they need to really scale their impact.

But we're happy to connect with you.

MS. WACHTELL: Another question is teaching young people about philanthropy and social innovation is critical. Do you have any programs that are directed at a new generation of social entrepreneurs and philanthropists?

MS. OSBERG: Actually, we -- I referenced the Skoll Center for Social Entrepreneurship at Oxford. And that was actually a pretty pioneering thing to do. We launched it in 2003, and since then a lot of these centers have sprung up all over the country and internationally because there is a wellspring of demand from students, these young people coming up, seeing what's going on in

the world. And they know that business as usual is not sustainable. They want to do it differently, and the schools are kind of scrambling to figure out what to do. The curricula are not there, the academic knowledge isn't there yet. So that's the -- that was really the purpose of the Skoll Center for Social Entrepreneurship; to start to jump-start that curriculum. There's an endowed lectureship there to develop that.

A lot of these kids in business schools but also undergraduates, also in high school are -- they want to make a difference, they truly do. And they're starting to realize that they don't have to go into a career in investment banking; that they can go straight to work with a leading social entrepreneur, apprentice themselves, or they can start their own ventures. So there's more and more evidence that young people are taking the bull by the horns and really ready to create ventures that make a difference.

Not all of them will succeed, of course. It's just like any other venture. Teach for America is a great example of this incredible outpouring from young people, from very talented, bright young people. Teach for America has I think 35,000 applicants a year for a couple thousand spaces. It's just extraordinary to see that.

MS. WACHTELL: You are funding some of the most innovative and effective projects, but how are you ensuring that these models are replicated?

MS. OSBERG: That's our purpose really. To ensure that there is -- that the impact from these ventures actually scales. And so that's one of the criteria we're looking at when we're actually doing the due diligence on a potential investment. Mothers2mothers right here, Robin's organization, is a great example of how this

happens. I think you're in 600 clinics now, Robin?

MS. SMALLEY: 679 centers. But who's counting?

MS. OSBERG: 679 centers in sub-Saharan Africa. And they know market share. So what does market share look like for HIV-positive pregnant women? Well, it looks like sub-Saharan Africa. 95 percent of HIV-positive pregnant women are in sub-Saharan Africa. More babies are born HIV positive in one clinic in Africa than in the rest of the world.

So we look at this model. How has it proven its effectiveness? How is it poised to scale its impact? That is one of our signal criteria for making a Skoll investment; that's what the inflection point looks like. But they also have to have often an idea for how they're going to scale beyond what any organization can do.

A good example is the work that Paul Farmer did in the shanty towns of Peru, of Lima, Peru, when there was an outbreak of multidrug resistant TB, proving that, in fact, you could treat very poor patients using a community health worker model with very sophisticated protocols. And the WHO didn't buy it. But Paul went on a mission; PIH went on a mission and proved it could be done. They had a 98 percent cure rate, which was superior to what was being done in Boston.

So in the developed world they didn't have cure rates as effective for these sophisticated protocols. And with that it took ten years, but they went after the WHO. So today WHO has actually changed its policies, and hundreds of thousands of TB patients are being treated now because of WHO funding because of that.

The social entrepreneur will go after the policies. They'll adopt an open-source model so that other people can appropriate what they're learning, and that's the way scale happens.

Microfinance is a great example of that. If it had just stopped with the Grameen Bank, we wouldn't have the microcredit revolution. But there are now hundreds and hundreds of microfinance institutions, thousands of microfinance organizations, and we're reaching eight percent, I think it is, of poor people globally now with microfinance because of this open-source proliferation of a great idea.

MS. WACHTELL: And then the next question is do you encourage competition among social entrepreneurs, or do you encourage social entrepreneurs of similar missions to join forces?

MS. OSBERG: Oh gosh, that's a tricky one. Connect is our middle name: Invest, connect and celebrate. So of course we're encouraging social entrepreneurs to collaborate, to share what they learn, to share what's working, to connect with one another.

And the reality though is that, you know, it's a competitive landscape. So they are all driven to differentiate themselves. And we want to help them differentiate themselves as well so that they're better positioned to attract the kinds of resources that will give them the runway to scale their impact. So I think it's an "and."

Optimal, of course, is open-source and much more sharing, coordination, and collaboration. At the same time, I absolutely recognize that this is a competitive landscape for funding and for support and they need to distinguish

themselves.

MS. WACHTELL: Thank you.
Thank you very much. We appreciate you all being here today. Sally, you've left us with a lot to think about as all of us go out and continue to do the work that we do in our communities. So thank you very much.

MS. OSBERG: Thank you.
Thank you so much.

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