Johnson Institute
for Responsible Leadership

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Bill Drayton and Ashoka

Part A: Prelude

The red and white Volkswagen microbus bounced along a dirt road in India, its tires catching in ruts, its engine straining under the burden of a full load of passengers and baggage. The bus often pulled to the side to allow another vehicle or cart to pass on the one-lane path. Progress was slow. Inside the vehicle, its occupants did all they could to find relief from the searing heat and the dust, but their spirits were high and their anticipation grew as they neared their destination.

The travelers were four undergraduate students from Harvard who had traveled a long, challenge-filled route from Munich to India hoping to understand the subcontinent. Unrest in Iran had forced them to divert their course through Syria, Jordan, Lebanon, and Iraq. At various points along the way, they were stopped at gunpoint, threatened, and gawked at as they made their way through small villages and large cities. It was the summer of 1963, a time when many youth inspired by the works of Jack Kerouac took to the road in search of adventure and self-discovery. But this was no frivolous college excursion. Twenty-year-old Bill Drayton and his three friends had traveled 4,000 miles on an important quest.

Drayton had studied and admired the work of the late Mohandas Gandhi, the nonviolent leader of India's struggle for independence from Great Britain. He was inspired by Gandhi's commitment to social justice, human rights, and his message of social change through his concept of passive resistance and *satyagraha*, meaning the "truth force." Gandhi also advocated economic independence based, in part, on nurturing small domestic businesses, including homespun cloth industries that he hoped would replace textiles imported from Great Britain. Relatedly, Drayton and his friends also were deeply interested in India's movement toward village decentralization as a vehicle for integrating democratic ways of organizing and responding to profound changes taking place in India at that time.

In India, Drayton was introduced to Vinoba Bhave (U. Thakkar, 2003), a disciple of Gandhi committed to using Gandhi's principles to achieve land reform in his country with the Land Gift Movement, called *Bhoodan*. Vinoba and his followers spent twenty years traveling on foot across India from village to village to teach the importance of nonviolence and economic reform. Using the concept of *gramdan*, meaning "village gift," a more inclusive idea that had become Vinoba's focus by the time Drayton met him. Under *gramdan*, the village would essentially give itself entirely to Vinoba (authorized under state statutes), allowing him and his "constructive workers" to reallocate resources, introduce crop improvements, and implement other fundamental social and economic changes (Drayton, personal communication, May 26, 2014).

Drayton admired Vinoba's work and joined him on his route. In each community, Vinoba met with leaders to discuss peaceful transfers of land to the poor. Drayton later described these walks as "completely magical" (Bornstein, 2007).

> We were welcomed by and able to talk with political leaders of all sorts, villagers and various segments of leadership at that level, and a wide variety of others ranging from journalists to many of the diverse groups of people engaged in social service. I am still friends with a good many people I met during those months (Drayton, personal communication, May 26, 2014).

Drayton's time in India would prove to have an immense impact on the rest of his life. "I came back with the question that any healthy person would, certainly someone with an entrepreneurial temperament: What are you going to do about closing the North/South gap? How can you speed up this wonderful, powerful democratization process?" (Ashoka's Global Academy, 2006). The young Drayton, however, would have to tackle a multitude of challenging experiences before his idea would be realized.

Early Professional Life

Drayton finished his studies at Harvard, spent two years at Oxford studying economics, and went on to earn a law degree from Yale. In 1970, while still in law school, Drayton was hired by McKinsey & Company, a well-known consulting firm. Much of his work there involved assignments with government and nonprofit clients. He worked on projects involving the design of tax and regulatory systems that incentivized change in a decentralized way. He also worked with projects related to housing, unemployment, and economic development, all of which were closely aligned with his interests, skills, and values. About one-third of Drayton's work at McKinsey was

for commercial clients, "which I valued enormously since one cannot engage effectively in structural social change if one does not understand how business and the economy work" (Drayton, personal communication, May 26, 2014).

As he had learned through his previous experiences, Drayton attempted to leverage grassroots resourcefulness and motivation toward the goal of large-scale social change through his consulting. McKinsey welcomed Drayton's innovative approach and he thrived professionally, quickly developing a reputation as an effective change agent in the firm. Following his work at the EPA, described below, he was invited back to McKinsey to help develop an approach to consulting that is based on understanding industry-wide trends as a precursor to developing a strategy for a company in that industry:

> [McKinsey] was good to me. I was making the argument that we really better understand what is happening to an industry, and that should be part of the core skills of a consulting firm. And so, we did that . . . And, when you do, you see that there are patterns that cut across the different industries. So McKinsey was . . . really interesting and highly educative and fun. McKinsey was exactly the right place to do that (Drayton, personal communication, August 8, 2013).

Entrepreneurship at the EPA

The work at McKinsey was challenging and rewarding, yet Drayton wanted to work more directly in public service and have a broader impact. An opportunity came with his appointment by President Jimmy Carter to serve as Assistant Administrator of the Environmental Protection Agency. In this role, Drayton was responsible for EPA policy, budgeting and audit, all the management functions, liaison to the Appropriations Committees, and most of the White House policy work related to energy, the environment and regulatory reform. Drayton had primary responsibility for developing and proposing new, efficient, innovative ways for the EPA to fulfill its mission to protect health and the environment while cutting costs.

President Carter's political mandate was to reduce the high cost of government regulation associated with a massive bureaucracy with duplicative and conflicting agencies. Consumers, business and elected officials alike demanded substantial changes in regulation and reductions in regulatory costs. Drayton's long-standing commitment to

decentralized solutions was perfectly in line with President Carter's pledge to make regulation more efficient and effective. During this time, EPA secured passage of many of the statutes dealing with human-made pollutants, including the Toxic Substances Control Act. This wave of protective intervention only made the need for new, far more productive and innovation-causing approaches more urgent (Drayton, personal communication, May 26, 2014).

While at the EPA, Drayton played a key role in developing instruments whereby industry and the market would essentially provide a self-policing mechanism through tax credits and other incentives for industries not to pollute.

> We wanted to do so intelligently, and we wanted to innovate. We developed the administrative civil penalties program, a very clever concept for which Bill Drayton was the spearhead (EPA, Costle).

Rather than playing the watchdog role, the EPA appealed to the economic goals of businesses and their shareholders. Among Drayton's more innovative and controversial ideas was the so-called "bubble" policy that reduced regulatory costs by allowing industries to determine how best to reduce pollution at individual plants so long as overall clean air standards were met.

Douglas M. Costle, the EPA Administrator at the time, explained the implications of the policy:

> Environmental rules now regulate each of the different processes in a plant. With this new policy we will draw an imaginary bubble around the whole plant and tell the company that it can find the most efficient way of controlling the plant's emissions as a whole. If it costs a dollar to control a pound of particulate pollution from one machine and fifty cents from another, the plant manager will quite reasonably choose to control fewer $1 pounds and more 50 cent pounds. If the plant engineer can find a new way of reducing particulate emissions from a third machine for 30 cents a pound, he will remove as many of these pounds as he can in preference to either the 50 cent or one dollar pounds. As long as no more particulates escape from the overall bubble than before, the company's engineers can continue to innovate . . . The key consideration is to maintain or improve air quality . . . Under the current command-and-control approach, a company has no incentive to remove

one ounce more pollution from any process than the regulations require. It has consequently little reason to innovate. With the bubble, however, a firm will actively look for new ways to push control further and at lower cost. Over the long run, the bubble will advance the frontier of pollution control technology. (EPA Press Release, 1979)

The bubble policy also allowed two or more businesses in a geographic area to trade emissions of a given pollutant as long as the overall air standards were met. Thus, the EPA created a marketplace for emissions trading that was consistent with the way these firms did business and provided a natural incentive to innovate rather than being forced to comply with regulations.

> Our strategy throughout the four-year process to get this policy in place and running was . . . not to force it through but to discuss it openly with everyone. Although that did not win everyone over, it did ensure that most people felt that they had contributed to it. It meant that most people more or less understood it. And it certainly meant that we were able to avoid weaknesses we might not otherwise have seen – e.g., by prohibiting anyone from trading if they were not in compliance with national and state regulations. We also worked extensively with thought leaders in universities and elsewhere, the press, the affected industries, the state and local environmental agencies, etc. Not to mention getting the President committed (Drayton, personal communication, May 26, 2014).

Carter's presidency was doomed by persistent economic woes at home and explosive events abroad. The American Embassy in Tehran had been overtaken and its staff held hostage for over a year, shattering the American myth of global supremacy. The 1980 election swept into office not only Ronald Reagan, but also a Congress that was eager to support his pledge to restore America's military strength abroad and to assert a conservative social and economic agenda at home.

Drayton's tenure at the EPA ended abruptly with Ronald Reagan's election and, like other political appointees, he cleaned out his office and returned to McKinsey part time, helping to design and develop tax and regulation strategies. Little did he know that his active engagement with, and on behalf of, the EPA was just beginning.

"Save EPA"

As promised in his campaign, President Reagan had begun to drastically cut federal spending and to launch far-reaching reductions in what he felt were excessive business regulations. The EPA was the first agency to be focused on for these cutbacks, since it was seen as a symbol of unnecessary regulation and an impediment to business enterprise. Staff from the EPA came to Drayton with the Administration's budgets and plans for multiple rounds of reductions. Concealed within the several thousand pages of a budget plan leaked to Drayton were proposed reductions that would cut the EPA's budget by nearly 66 percent within a couple of years (Bornstein, 2007).

President Reagan appointed Anne Gorsuch as the EPA's Administrator to implement his plan for a radical downsizing and restructuring of the Agency. Gorsuch, an attorney from Denver, was a former member of the Colorado state legislature where she had gained a reputation as one of the "House Crazies" who were intent on permanently reducing the influence of government (Sullivan, 2004). Gorsuch began delegating many traditional EPA functions to the states, cut the EPA budget, dramatically reduced enforcement actions against polluters, reduced the EPA's staff, and filled vacant positions with former industry employees whose allegiances to the EPA's mission were questionable. One of these former business executives, an assistant administrator under Gorsuch, expressed the Administration's sentiment:

> I come from business and my initial impression when I got here was that this agency is fat. It has more money and people than it needs. It offends my sense of efficiency as a businessman . . . Of course, we are going to meet our goals, but we are going to do it in a more efficient manner (Shabecoff, 1982).

Gorsuch's plan was to cut or demote 80 percent of EPA's employees, seriously damaging the agency's effectiveness (Shabecoff, 1981).

> [Their budget reductions] would have lobotomized the agency. Only a few hundred people out of the 5,400 staff at headquarters would have still been in their same jobs after the reductions and subsequent "bumpings" under civil service rules. By September, the attrition rate had already reached 2.7 percent per month – with, of course, the most able and

therefore most likely to find good alternative jobs leaving first (Drayton, personal communication, May 26, 2014).

Environmentalists and even many in Congress were appalled at her actions but felt powerless to thwart the President's prerogative. The Administration began to dramatically diminish the EPA's capacity to have any meaningful impact. Horrified, Drayton was spurred to action. He recruited friends, colleagues, and the media in an orchestrated movement to "Save EPA."

> I would have done nothing if the Reagan Administration had merely tried to change the policies. But their strategy was very radical. It was to destroy the agency… So, I was in a position where I felt that I had to act because there weren't a whole lot of other people who could. And, those who could were in organizational positions where they could not act, because, for example, they were in a consulting firm and could not afford to alienate the Reagan Administration … And they were planning five rounds of budget cuts… in eighteen months. Now … this is not the normal government budgeting process. The reason for five rounds is that they wanted each to be within the 15 and 20 percent range, so that no one of them was going to look as radical as the intended impact of the whole. When it became clear that this was not a normal transition, that this was something very, very radical, I felt I had to act so we set this thing up – built an organization (Drayton, personal communication, August 8, 2013).

The core group of Save EPA volunteers consisted of nine former EPA officials and representatives of various environmental groups (Omang, 1982). Eventually, more than 500 people were actively working on the Save EPA movement. All of them, including Drayton, worked on a volunteer basis and often incurred significant expenses, in both direct outlays of cash and opportunity costs.

Working together, the Save EPA coalition launched a continuous three-year attack on the President's policy, countering every move by Gorsuch with fact-checking, press releases, Congressional testimonies, and research papers outlining the impact of Reagan's cuts. Drayton became a fixture at Congressional budget hearings and continuously fed information to staff on the Hill who,

in turn, conveyed it to their bosses in Congress and to constituents back home.

Drayton was uniquely prepared to engage in this battle. Drawing on his prior experience in the EPA, there was no one who had more in-depth knowledge of how the Agency operated and, therefore, access to facts and data to counter-attack the Gorsuch cuts:

> So, in my prior position at the EPA, I had intimate knowledge of the policy making apparatus, the budget, the management structure, and the audit functions. I was a liaison to the OMB and, as such, I was privy to much of the policy part of the administration-wide decisions on energy, economics, etc. I also dealt with the Appropriations Committee … And, so I was one of the few people who could understand the whole agency . . . I could understand a budget and understand what was going on. And, because I had been operating the political relations of the Agency, I understood how to organize things politically and how to deal with the media and with Congress. There weren't a whole lot of people who met those criteria (Drayton, personal communication, August 8, 2013).

Drayton used a wide range of media tactics to educate the public on the dangers of the Reagan Administration's actions. He even persuaded industry magazines, such as *Chemical Week*, to write about the potential for future administrations to "swing back vigorously" by aggressively reversing the Reagan Administration's decisions and imposing even heftier regulations upon business (Bornstein, 2007). Drayton sent Save EPA's research to Capitol Hill, as well as strategy briefs outlining the Administration's feeble focus on environmental issues.

Congress finally turned its attention to the issue by holding a hearing in 1981. Save EPA launched its largest attack yet the following January as members on the Hill reconvened.

> The Reagan political people in the White House, they didn't care about the environment, but they did care about the political damage that they were about to suffer and did suffer, and ultimately they turned out to be very key people to be talking to. So, we built the [network] . . . and in January of 1982, we sprung our overall attack on [the Administration] . . . Basically, we timed it so that, as Congress was coming back [into session in January], they had … something that could be juicy for the committees to go after (Drayton, personal communication, August 8, 2013).

Save EPA provided ABC with information needed to expose false statements made by the administration on the television network. They even recruited cartoonist Gary Trudeau to satirize the Reagan Administration's assault on the EPA in his comic strip, *Doonesbury*. Drayton enlisted the help of Russell Train, the first Administrator of the EPA (Schneider, 2012) who wrote an op-ed piece for the *Washington Post* entitled "The Destruction of the EPA" (Train, 1982). As Save EPA gained momentum, it became a strategically focused, politically diverse, and increasingly effective group of experts who understood that a successful campaign would need to be viewed as balanced, credible, and bipartisan.

(Doonesbury, January 25, 1982)

Drayton created a Facts Committee which studied how cutbacks were harming the environment by investigating the reduction in both enforcement and voluntary compliance. Out of this research, Drayton was able to build a substantial, fact based case that Americans' exposure to toxic pollutants in less than a decade would essentially double (Bornstein, 2007).

In 1982, Congress suspected that the EPA had mishandled the so-called Superfund, a $1.6 billion allocation to clean up toxic waste sites. When Anne Gorsuch Burford ignored a Congressional subpoena of EPA records related to the Superfund, was cited for contempt of Congress. Eventually, after losing its legal battle to protect them under the principle of "executive privilege," the White House turned over the records. She then resigned, citing unbearable pressure from the investigation and the media (Feliciano, 1983).

By this time, the EPA was widely believed to be in complete disarray, a pale imitation of its former self and a political liability to an embattled President. Even Republicans in Congress were appalled at the ineptitude of the retrenchment strategy that had eviscerated a once proud Agency created and nurtured by fellow Republican Presidents Richard Nixon and Gerald Ford. In an effort to restore credibility and trust in the EPA, President Reagan appointed William D. Ruckelshaus to return to his former post. Ruckelshaus had been the first Administrator of the EPA following its creation by Richard Nixon. He was widely respected by conservatives and liberals alike for his managerial and political skills. Shortly after his appointment he committed to a more open and transparent EPA with what he called the "fishbowl" policy. In a memo to the EPA staff, Ruckelshaus said,

> When I recently appeared before the Senate Committee on Environment and Public Works, I promised that EPA would operate "in a fishbowl." I said, "We will attempt to communicate with everyone from the environmentalists to those we regulate and we will do so as openly as possible" (EPA Press Release, 1983).

Still, many observers were dismayed that Ruckelshaus continued the efforts, albeit less dramatically, to weaken the EPA – the Agency he essentially created as its first Administrator. Ruckelshaus' critics, including Congressional members, accused him of lacking leadership on a number of environmental issues, such as dealing with sulfur and nitrogen oxide emissions that cause acid rain. Others accused Ruckelshaus of weakening environmental regulations, prioritizing other social values over the public's health. Many believed Ruckelshaus to be "serving as a benign front" for the Reagan Administration's "anti-environmental policies" (Shabecoff, 1984).

Save EPA was, in nearly all respects, a successful bi-partisan effort to influence public policy. Yet despite its efforts, the Reagan administration, led by Gorsuch Burford, inflicted enormous damage on the Agency by successfully cutting nearly a third of its budget. Drayton said, "They did considerable damage, but it could have been a lot worse" (Bornstein, 2007).

Discussion Questions for Part A

1. Is there a consistent thread to the way Bill Drayton conceptualized and organized movements for social change? For example, in a number of separate instances, he shows a preference for decentralized efforts and loosely structured, but strategically focused, networks. Describe some of the challenges inherent in this strategy. What are the strengths of this strategy?

2. *Ashoka: Innovators for the Public* states, "Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change." In what ways did Drayton exemplify these characteristics during his time with the EPA and Save EPA?

3. Drayton's so-called "bubble" policy at the EPA was criticized by some environmentalists as being soft on business. Engaging polluters, they said, was like giving "the fox a key to the hen house." Do some historical research and find at least one significant criticism of the "bubble" policy. Do you agree with the criticism? Does social entrepreneurship sometimes lead to unlikely alliances?

4. Develop a list of leadership skills that Drayton displayed. Now develop a list of management skills. How do the two compare?

5. Drayton's Save EPA organization was a politically diverse, bi-partisan effort. Can you imagine such a bi-partisan effort being possible in today's polarized political climate? Find a policy issue on which you think some bi-partisan advocacy could be built and briefly describe how you would go about organizing such an effort.

Part B: The Vision for Ashoka

In 1978, before the Save EPA campaign and when Drayton was working at the EPA, he was, in his spare time, gradually breathing life into yet another social venture: *Ashoka: Innovators for the Public*. In fact, the intellectual seeds for Ashoka were sown during Drayton's college trip to India 15 years earlier. Officially founded in 1980, the purpose of Ashoka is to build and support a world-wide network of leading social entrepreneurs capable of catalyzing systemic change through the creation of social and financial capital. The organization embodies Drayton's fundamental beliefs that the world is changing at an increasingly rapid rate, outpacing the capabilities of tradition-bound hierarchical societies and organizations and that the key to keeping pace with, and even catalyzing, that change is through the efforts of individuals and networks that leverage their creativity and passion to develop "pattern changing" ideas that create shared economic benefits.

The term "pattern changing" is central to Drayton's definition of a social entrepreneur and he uses it repeatedly in conversation and public speeches. He is interested in many types of innovative solutions to persistent public problems, but he is particularly intrigued by innovations that fundamentally alter traditional perspectives on, or approaches to, solving those problems. Drayton says:

> I really think the entrepreneur by definition doesn't respect boundaries. You are trying to solve some problem, and one of the things an entrepreneur brings [is the understanding that] these boundaries are just artificial . . . and their job is to come up with a new [paradigm] . . . Having an understanding for the history is really, really helpful . . . If you understand that the rate of change is accelerating, and you can see that the world is moving in a decentralized way, [then] you can see the building blocks . . . Once you see that the large moving patterns, you are not adrift on a sea of strange, unexplainable [events]. It gives you confidence. It's

like having a chart when you are sailing. It really helps (Drayton, personal communication, August 8, 2013).

In its early years, Ashoka defined a social entrepreneur as follows:

> Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change.
>
> Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to move in different directions (Ashoka, Entrepreneur, n.d.).

Ashoka's approach is threefold (Ashoka, Approach, n.d.):

1. **Supporting Social Entrepreneurs**: Ashoka believes that social entrepreneurs are the engines of social change and role models for citizen sectors. The organization identifies and invests [in launching] leading social entrepreneurs and helps them achieve maximum social impact.

2. **Promoting Group Entrepreneurship**: Ashoka believes that groups and networks of social entrepreneurs working together accelerate and foster beneficial social impact. It engages communities of entrepreneurs and develops patterns of effective collaborations that change entire fields.

3. **Building Infrastructure for the Sector**: Ashoka believes that a global network of changemakers requires tools and support systems to deliver sustainable social solutions. To this end needed infrastructure is created, such as access to financing, connections to business and academic sectors, and frameworks for partnerships that deliver social and financial value.

Ashoka (Sanskrit name meaning "active absence of sorrow") is named for a powerful, beloved Indian Emperor of the Maurya Dynasty known for his reverence for life and compassion (Teach India Project, n.d.).

Ashoka (the political leader) was also an extraordinarily creative and successful person. His innovations still affect India today in fields ranging from social welfare to economic development. He was also extraordinarily globally minded. And he lived before Christianity and Islam and, we thought, was unlikely to have a whole lot of virulent enemies – adding to his attraction as a global symbol. We also chose the oak tree because it is widely spread across the planet and flourishes either standing alone or in the forest company of other trees (Drayton, personal communication, May 26, 2014).

The oak tree also reminded Drayton of the proverb, "From little acorns do great oaks grow" (Bornstein, 2007).

Selling the Vision

Ashoka, as a fledgling idea, was both conceptually and operationally complex. Drayton soon found out that the idea of fostering social entrepreneurship was not yet well-established in the traditional philanthropic community. Indeed, many people credit Drayton with coining the term "social entrepreneur" and introducing it to foundations that sometimes had difficulty incorporating it into their traditional grant-making strategies, even those explicitly devoted to capacity-building.

Institutional foundations . . . have deep structural problems. What an entrepreneur needs and what a foundation structurally can provide is a 100% misfit, and it's structural, it's not the people … An entrepreneur has a pattern-changing idea. The foundation has a strategy, [and] . . . they tell you what it is and don't bother to see if there is any idea that isn't in that strategy. If you have an idea that

is really valuable, it almost certainly makes a mess of the boundary lines of thought and organization. Well, if you're a program officer that makes a mess of your life (Drayton, personal communication, August 8, 2013).

To get Ashoka off the ground, Drayton recruited colleagues and former classmates who had the global vision and expertise he needed to identify and nurture social entrepreneurs on a world-wide scale. Julien Phillips and Anuam Puri who had been Drayton's colleagues at McKinsey joined the project. Tino Puri and Ashok Advani were classmates from Oxford. Advani was founder of the premier business magazine in India, and provided perspective on one of the prioritized regions for Ashoka investments. Steven Hadley, a Yale classmate who had served in the Navy and was a member of the National Security Council staff under President Ford, provided valuable insights from the public sector. Bill Carter, an EPA colleague with a Ph.D. in Chinese studies and experience in Indonesia, also provided an understanding of social entrepreneurship and knowledge of the most populated country on the planet (Bornstein, 2007).

Funding was an immense challenge during the initial years of Ashoka. For the first six years of its existence, the Ashoka did not receive funding from a single institutional foundation.

If there were not family foundations, we would have been in big trouble. And I value family foundations, especially if they're still controlled by the family, and they haven't created a bureaucracy, even a one-person bureaucracy. So, there were three family foundations that had the courage to take an idea that was completely new and back it. And, that was a judgment that those family people made . . . individuals and family foundations where individuals can make a judgment, and are not captive of the failed foundation structure. And, individuals try very hard. We have to be very grateful for the foundations that did help us through that period (Drayton, personal communication, August 8, 2013).

The budget for the first year of Ashoka was only $50,000, certainly not enough to have any meaningful "pattern changing" global impact (Sen, 2007). But Drayton had experience in managing successful social change efforts on

a shoestring budget. With extreme frugality for which he is still known today, he stretched every dollar. In 1978-79, he and his partners used their accumulated vacation time to take trips to India, Indonesia, and Venezuela in order to test their ideas in different sized countries with unique cultures and Carter took an exploratory trip to Indonesia in 1980. During these visits, they met with people who had reputations for using their creativity for the public good and asked who else in the country had innovative ideas. They then used their business acumen to gather more information on these ideas to assess their feasibility. Drayton and his colleagues pursued a systematic line of questioning with every person they met, keeping detailed notes, and by 1980, they were more confident that they had an idea worth pursuing. The team had mapped some very creative innovations in these countries and knew who was driving these ideas (Bornstein, 2007 and Fast Company, n.d.).

Formative Years and Growing Pains

India was chosen as the first pilot country. Other countries were considered for the launch, but it was determined that their political regimes or their cultures would not tolerate social entrepreneurship. Advani arranged for office space in Delhi, a local representative was hired, and Drayton created a volunteer committee to oversee the on-site program (Bornstein, 2007).

From the very beginning, Drayton and his colleagues wanted to create a system for finding promising entrepreneurs that would be rigorous but fair. Ashoka has a multi-step selection process, with different people involved at each step. The steps are:

1. Many, but not all, candidates are nominated by a highly trained and motivated group of Nominators. Nominators play a role in advising as well as screening.

2. An Ashoka representative visits the site, doing reference checks, interviewing, and reaching a personal judgment. Each participant in the selection process must make a personally affirmative judgment that s/he believes the idea, combined with the candidate, will probably change the pattern in the fields at a continental level (even recognizing that that may take a good bit of time).

3. The idea is then reviewed by a second-opinion reviewer, who must be from a different country in order to avoid national bias.

4. A highly trained Ashoka staffer conducts a five- to six-hour life history interview and also probes the idea.

5. Final review by a selection panel of three to six top-level social entrepreneurs.

Drayton sums up the selection process as follows:

> Nominators are important, but we must always be 100 percent open. We have never limited how we get wind of a potential candidate. Anyone can apply – with a small note sent by carrier pigeon if need be. There must be a *new* idea that probably will change the pattern in the field at a continental level. The [applicant] must be creative in both goal setting and problem solving. The person must have high entrepreneurial quality. The idea, once demonstrated in one place, will be so attractive and practical that people in the field will want to pick it up and run with it themselves. Finally and very importantly, we look extremely carefully at ethical fiber (Drayton, personal communication, May 26, 2014).

Moreover, the founders wanted to convey that Ashoka award winners would not just benefit individually but would become part of a world-wide learning community of entrepreneurs. Thus, they choose the term "Ashoka Fellows" for people who successful competed for one of their launch investment grants, conveying the notion of community, exchange, and mutual support. It is important to note that Ashoka does not provide "venture capital" for the projects. Instead, Ashoka grants are made to individuals, not to projects, providing the entrepreneur with support that frees them to work on and launch the enterprise. Part of this work involves the design of a sustainable business model and financial plan that will sustain the enterprise over time.

Gloria de Souza was selected as the first Ashoka Fellow. She received $10,000 for the first four years, during which she founded an environmental education center in Mumbai. De Souza has made experiential, problem-solving education attractive to teachers, principals, and parents across India. Today, millions of children are learning with her approach, and the Indian government has adopted it for use in the schools it administers (Gates, 2013).

In the next few years Drayton and his team consciously limited the growth of Ashoka so that they could get the design right. The plan was to start with the giant countries that dominate their respective continents: India, Indonesia, and Brazil. Subsequently, Ashoka would expand to the other big countries in their respective regions – Mexico, Bangladesh, Thailand, and Pakistan.

> Why this sequencing? The people we are looking for are very rare. We need to get to a critical mass of fellowship within three years or those that joined in the first year would never experience the fellowship and perhaps be lost from the community (Drayton, personal communication, May 26, 2014).

Soon, however, it was apparent that the initial financial support would not sustain Ashoka for long. The Rockefeller Brothers Fund became the first institutional foundation to support Ashoka. Their support was financially modest but symbolically important since it gave instant credibility to the organization. Drayton himself was beginning to attract more attention. In 1984, he received the MacArthur Fellowship, giving him $200,000 for five years. The grant allowed him to leave McKinsey and devote most of his time to implementing the growth strategy, building Nominator networks, and refining the process for identifying and selecting potential fellows.

With growth came some growing pains. In Indonesia and elsewhere, Ashoka encountered deeply entrenched cultural and political barriers. Selection committees in some countries bickered over selection criteria, procedures, and who were the most deserving nominees. It is noteworthy that, during this period of growth, Ashoka was dealing with some of the same types of entrenchment problems that it was trying to counteract with its grants. For example, the organization was in need of a structure and information system that would facilitate the management of its far-flung outposts. Yet in the development of its internal management capacity, Drayton firmly believed that the organization itself needed to model its entrepreneurial and creative mission. It could not become inadvertently an example of the traditional, entrenched management thinking that it had vowed to combat.

> The worst mistake I have made was to compromise on these core principles. For example, toward the end of our first period of very rapid growth (45 percent a year for five years), we hired several wonderful, spirited managers. However, they were not entrepreneurs; and they never could . . . intuitively "get" our vision, our core stakeholders, or our culture. They set to work managing, which ended in failure, uncomprehending frustration, and culture division (Hsu, 2005).

And, of course, the search for funding was never-ending and often frustrating. Many prospective supporters did not understand the term "social entrepreneurship." Ironically, Drayton and his colleagues found that the term could potentially alienate people on both ends of the ideological spectrum. Those on the left construed the term as the promotion of private business while those on the right were threatened by the principal of pattern changing as well as the perceived socialistic implications. When asked if he ever had private doubts about whether Ashoka would gain momentum, he responded with incredulity:

> No, I can't imagine why one would have a doubt because [entrepreneurship is] such an obviously important thing. I mean . . . this is just so obvious [that] you need [entrepreneurs] just as much for human rights and health as you need them for steel and electronics. I mean you couldn't question [that] . . . I don't think its optimism. It's just realism. (Drayton, personal communication, August 8, 2013).

Challenges continued, but gradually the organization grew.

> [B]y then we had figured out that our natural base were entrepreneurs. Business entrepreneurs understand the word *entrepreneur*. Most people don't and they just use it and think they understand it. And, business and social entrepreneurs turn out to . . . like one another. They can open one another's worlds . . . Very consciously [we] kept it small for the first couple of years in one country. With me pushing, and others resisting, it went to two countries . . . It was . . . in June 1986 that the board finally figured this out . . . that the rate of making mistakes had diminished and we got a design that we really [thought] would work. [S]ince that point on, we expanded seven and half fold over the rest of the decade so in the nineties we could begin building a global organization and we could see the patterns and start moving into the next phase of the organization. (Drayton, personal communication, August 8, 2013)

Ashoka now has over 3,000 fellows in 70 countries across the globe. Fifty-seven percent of fellows contribute to policy change on a national scale within five years of being elected (Drayton, personal communication, August 8, 2013).

Discussion Questions for Part B

1. Do some reading on organizational life-cycles, particularly the challenges an organization faces when transitioning from start-up to growth to maturity. In what respects is Ashoka illustrative of the theory of organizational life-cycles? In what respects is it different?

2. Drayton offered insights on fundraising challenges, particularly when dealing with traditional foundations. He found that family foundations were more receptive to his ideas, yet he knew that he would need broader institutional support. In your opinion, why would family foundations be more likely to support an idea like Ashoka than traditional private foundations? Would corporate foundations be interested in such an idea? What would be the risks of working with corporate foundations? Considering the challenges that Drayton encountered when selling the idea of social entrepreneurship, develop a one-page case for support that would appeal to funders regardless of their ideological perspective.

3. The growth strategy for Ashoka could be described as a combination of "product development" and "market development." What are the keys to success in each of these types of growth strategies? Did Ashoka follow some or all of the steps that the business theory would suggest?

Part C: The Future

Ashoka continues to make investments in promising entrepreneurial ideas in 70 countries all over the world. Yet, its strategy is evolving as the pace of change in our world accelerates at speeds much faster than those in 1980 when the organization was founded. Today, Bill Drayton talks passionately about the types of change that have been part of Ashoka's past and those that will drive its future.

In its 33 years of its existence, Ashoka has promoted innovative changes in the way public goods and services are designed and delivered with the goal of changing

fundamental patterns and assumptions about those design and delivery mechanisms. Drayton calls three types of change involved in this process *direct service, pattern change* and *framework change* (Malinsky, 2012 and Ashoka, 2013).

> Direct service: We do need individual teachers in the classroom teaching. We do need people who dig wells.

> Pattern change: One is not an entrepreneur if one is not changing the pattern in one's field. The measures here are completely different from those appropriate for direct service. That's why we measure the proportion of Fellows who have changed national policy within five years of their launch . . . Much damage is done by trying to press social entrepreneurs to multiply the number of people that they are serving directly. This is, regrettably, what "scaling" means to many scholars, foundations, and business types. Business is much more focused here since their purpose is to capture a market and, if possible, dig a moat. It is absolutely not what social entrepreneurs are about!

> Mindset or framework change: Entrepreneurs sometimes deal here as well . . . We try to give everyone the ability to see their new strategic environment and what it means for them – organizationally and personally. The measures here have to be about changes in how people see the world. Thus, for example, one of the measures we know we must meet is: "What percentage of 21-year-olds know that they are changemakers?" (Drayton, personal communication, May 26, 2014).

The concept of framework change is central to Ashoka's new focus on building an "everyone a changemaker world" in which change is brought about not just by a few courageous and gallant entrepreneurs, but by virtually everyone. Drayton observes that the world is changing at an "exponential rate" (HBR Blog, 2009). In such a world, we can no longer rely on the old leadership framework wherein a few gifted leaders direct the actions of everyone else. He calls this the "dinosaur model of leadership– small brain leading a huge body." Like the dinosaur, it is a model of leadership that is extinct. According to Drayton, the accelerated rate of change in the world requires everyone to be a changemaker. This requires everyone to learn and master complex skills: empathy, teamwork, leadership, and

changemaking. He says that the success of any organization now depends on the extent to which it fosters these skills in everyone and creates a way for people with these skills to work together in what Drayton calls "teams of teams."

> When you have a world where only a few percent are actors and everyone else is acted upon, the potential for the problems to multiply faster than the solutions is with us. Not so when everyone is a changemaker and everyone is empowered. If you are not a changemaker you do not want to see a problem. But for a changemaker, it is an opportunity not a problem. Then, we're all like white blood cells coursing through society, except better. We not only destroy things that are problems, but we can also multiply and build things. This is very powerful (Ashoka's Global Academy and Drayton, personal communication, May 26, 2014).

Drayton believes that these new skills are teachable and essential to our future. Empathy, for example, is a skill that can be learned, practiced and refined over time through a combination of instruction and practice. (Binkovitz, 2013)

> Any young child that does not master higher and higher levels of empathy-based ethics, which is a learned skill, is going to hurt people, disrupt institutions; and they will be out. It doesn't matter how much computer science they have. Teens, then, must practice and practice being changemakers which is the only way they can master it . . . No more than one or two percent of the American teenage population is having that experience now. How are we going to be able to compete in the world when the key factor for success is what proportion of the population are changemakers unless we change this right now? (Ashoka, Redefining, n.d. and Drayton, personal communication, May 26, 2014).

New focus areas for Ashoka reflect Drayton's vision. The organization continues its original mission of launching and then building a mutual help and collaboration community of the world's leading social entrepreneurs. But Ashoka is also promoting *collaborative entrepreneurship* as a step beyond solo practitioner entrepreneurship. Next, Ashoka is actively promoting its "Everyone a Changemaker" vision.

> Our first priority, then, is to get the "everyone a changemaker" frame change through the tipping point. It has two necessary components: Every

organization must become a fluid, open team of teams that operates in a universe of omnidirectional synapses from every point. Second, everyone must be a changemaker and therefore master empathy-based ethics, teamwork, new leadership, and changemaking . . . Our first emphasis is on young children and young people (Drayton, personal communication, May 26, 2014).

The ever-changing Ashoka website contains links to many educational materials to help everyone, from youngsters to experienced business leaders, develop the tools needed for making a meaningful contribution in this new world: empathy, teamwork, leadership, and changemaking (Ashoka, 2013).

Bill Drayton is now 70 years old. While still a vital force, it is fair to ask about the future of Ashoka in the post-Drayton era. His answer is true to his vision of success for any organization. He says that Ashoka as an organization is "roughly in the middle" of making the transition to the new model, where everyone in the organization is capable of changemaking and capable of leadership (Drayton, personal communication, August 8, 2013). He says that Ashoka, like any other organization, must follow this principle:

> You have to organize in fluid teams of teams of omni-directional synapses from every point . . . [which] requires everyone everywhere to have the skills to be changemakers – guided by [their skills in] empathy, teamwork, new leadership, and changemaking. And anyone who doesn't have that is out or will be out in 10 to 15 years because you can't afford to have someone on your team who isn't able to contribute to changemaking (Drayton, personal communication, August 8, 2013).

Drayton admits that the transition from old to new forms of leadership is not easy. He notes, for example, that Representatives in some countries where Ashoka is active have complained that they cannot keep up with the pace of change in Ashoka itself. They fear that they are falling further and further behind as they try to build the new leadership skills in their staff and volunteers. Moreover, there is the question of what all of this means with respect to leadership transition at Ashoka. How will the leadership void be filled when Bill Drayton is no longer actively engaged?

With omni-directional synapses . . . the succession problem is no longer the old "Who follows King James?" [dilemma]. The structure basically solves that problem (Drayton, personal communication, August 8, 2013).

In describing the current leadership team of about five people in Ashoka, Drayton notes that the distribution of their responsibilities, including his own, is relatively fluid and highly interdependent. Frequent meetings and exchanges of information in a "team of teams" ensures that each person on the leadership team could step in at a moment's notice, if necessary, to do anyone else's job.

> And if anyone is run over by a truck, there would still be three people and we would still know where everything is. I think we have been very careful to choose people who live the type of leadership that we want – who exemplify it. There are at least five people who we think are next generation leadership members, with more behind them (Drayton, personal communication, May 26, 2014).

Some of Ashoka's regional offices have adopted a similar approach, essentially evolving into "miniature versions of our whole organization" (Drayton, personal communication, August 8, 2013) that are promoting the same kind of "omnidirectional synapses" that Drayton envisions for the home office.

> Each continent has a team will be responsible for tipping their continent to "everyone a changemaker" as fast and as wisely as possible, weaving all the elements together in whatever ways are going to produce the maximum synergies . . . Each person on that team is also a member of the global leadership team in their subject matter area (e.g., "Every Child Must Master Empathy"). Those people have responsibility for making sure that that one big thing happens worldwide. This is a very simple organizational principle and structure. Everyone is a member of a global team with one big thing to get done and, simultaneously, a member of a [subject matter] team who must make this profoundly important transition take place in reality (Drayton, personal communication, May 26, 2014).

Asked if his board of directors understands and is supportive of this arrangement, given their fiduciary obligation to be stewards of the organization, Drayton responds:

> I'm always cautious about saying what other people feel in their heart of hearts but I believe the answer is yes. You know, partly the reason I believe that is we have been very careful with the design of the board. [First] we never lose a sharp discipline focus on leading social entrepreneurs. We are not about great managers. We are not about local heroes. We are not about celebrities . . . The board is focused very extensively on this . . . [Second, before joining the board, a person goes] through being tested by being on councils and being on associated boards and [are asked to join the board] only when we are really sure that [they] do share our vision and are willing to make a really substantial commitment (Drayton, personal communication, August 8, 2013).

Commitment indeed, and no one better exemplifies that sustained level of commitment and passion for social entrepreneurship than Drayton himself. It has been nearly 50 years since he and his college friends made that fateful trip to India. And his professional journey since then has taken him from business consulting, to public policy guru, to catalyst of a world-wide network of entrepreneurs. Now, the vision is far beyond assisting promising entrepreneurs launch their ideas. The vision is nothing less than changing the mindset of the world.

Discussion Questions for Part C

1. Do some research on the concept of executive succession in organizations. According to the theory, what types of challenges can Ashoka be expected to experience when Bill Drayton is no longer actively involved?

2. What role should the board of directors play in the transition? What is their fiduciary responsibility in ensuring the future of Ashoka?

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