



## Stanford eCorner

### Be the Positive Deviant

Steven McCormick, *Moore Foundation*

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Video URL: <http://ecorner.stanford.edu/videos/3066/Be-the-Positive-Deviant>

Steven McCormick, president of the Moore Foundation, believes an entrepreneur is an entrepreneur no matter what sector they are in. However, having seen so many people leave nonprofit organizations to become social entrepreneurs, McCormick encourages those considering this move to instead try to become a "positive deviant" for change inside their current organization.



#### Transcript

You, I am sure, have heard the term social entrepreneurs. It's become I'd say quite an attractive thing for foundations to support. And again in many cases the foundations or the funder's are people who have been entrepreneurs in the for-profit sector. I believe that an entrepreneur is an entrepreneur, whatever sector they're in. They can do anything. An entrepreneur is characterized again by passion about getting something done, moves with some pace and speed. Willing to take risks, has high comfort for failure. That applies in any context, in any milieu, in any sector. The challenge, however, for a funder who's interested in supporting social entrepreneurs is that the notion of startup capital is very, very different in a not for-profit setting than it is in a for-profit setting. In the for-profit setting you're betting on somebody who's going to get to a point where they can spin out a product or a service, something that has demand from buyers.

And so the notion of startup is I can get this, I can spin that flywheel by providing some funding. That roughly same philosophy has applied to social entrepreneurs. I am going to find people who have a great idea, who show all of the characteristics and attributes of being a great entrepreneur. They're doing it for a social cause, and I am going to back that person with startup capital. And what happens is, more often than not those social entrepreneurs have no other capital coming in. I know one funder who puts up \$250,000 sort of per entrepreneur, social entrepreneur over a five year period of time. With the expectation that within five years or by that five year horizon the social entrepreneurs will figure out ways of raising other money. There aren't that many other sources of funding. Another consequence of that is it's tending to fragment people who are really, really talented, when they should be aggregating. So you find people who are self-identifying as social entrepreneurs finding that there's more and more sourced of funding for social entrepreneurs going, making the case for me to do this thing, when in fact they should be aggregating themselves and say, why don't we work together and develop something that can get to a critical mass or can have sufficient scale to last forever.

And I am seeing really, really fine people move out of big non-profit organizations to become a social entrepreneur because they like the idea of a startup, when I would really encourage them to be a sort of positive deviant within their own organization. I was actually just talking to a funder the other day and I asked him, have you ever thought about doing that. Finding a big organization where it's an established organization YMCA, Nature Conservancy, Care, that's got an installed established presence, big resources, but frankly probably kind of plateaued on the yield curve a little bit. And you see that with big non-profit's. Have you ever thought about funding people in them, to be an entrepreneur as the term used to be, the positive deviant, somebody who could have the backing of a funder to drive change in a big organization and take advantage of the entrepreneurial characteristics of some individuals, but the resource capacity of a big organization? And I haven't seen that yet. I think that's a niche for funding in the not for profit sector.