

URL: <https://stvp.stanford.edu/clips/re-inventing-charity>

"If we're going to solve a problem this big, we're going to need everybody to trust what we're doing," says Scott Harrison, founder of charity: water. Harrison discusses his organization's approach to alleviating donor distrust of non-profits through improved business models and transparency.



## Transcript

When I came back from Africa, my friends were like I don't trust charities.. I am not giving to charities because they are black holes and I don't know where my money actually goes.. And I thought man, you're just selfish.. I mean you just don't want to give.. But I realized there was a theme, there was an incredible distrust in non-profits.. And the black hole kept coming up, people seemed to pull some bad charity out of their back pocket and say see - this CEO ran off with the kitty.. He hired his family.. This charity spent 95% of their money on admin and only sent 5% to the poor.. And I thought the biggest problem was around this business model.. The money was fungible and people really didn't know where it went..

So I thought man, if I'm going to solve a problem this big, we're going to need everybody to trust what we're doing.. So I had three big ideas around that.. The first was, solve the money problem and just make a promise to the public that from day one, 100% of their money will always go to projects, okay.. People said I was crazy like how will you pay for your staff, how will you pay yourself, how will you pay for an office.. How will you actually fly around and develop these projects.. I had no idea at the time guys.. I opened up two bank accounts and so with \$100 and said we will never touch the public's money, we will somehow convince other people that it's fun to pay for overhead.. Board members maybe, private donors, sponsors, but that would allow this very powerful model where we could tell the public every penny would always go to the projects and we'll be so crazy about this, we would pay back credit fees.. So if someone donated \$1,000 and American Express took that 40, we would make the \$1,000 whole, we'd send all \$1,000.. That was idea number one..

Idea number two was let's use technology to prove where the money is going and let's show people their impact.. So two things that happened at the time, Google Earth had just come out and I had walked into an electronic store and saw that handheld GPS devices cost \$99.. And like I had the eureka moment, I mean this was disruptive at the time which is sad.. Like, for \$100 we can know where our water projects are anywhere in the world.. And no charity was doing this at the time.. So we said let's buy a lot of GPS units.. Let's get our partners out there to turn these things on, take pictures of the completed project and of the GPS and let's make all that data public on Google Maps and Google Earth.. Must be completely transparent about where the money is going and the projects around the world.. The third thing was a little softer but I said man, I want to build a brand.. Charities are the worst marketers I've ever seen..

I mean I thought they had some of the worst websites.. They are worse than insurance companies.. And there was no Nike, there was no Apple in the charity space.. There were big charities, there were safe charities but no charities inspired me or my friends.. And Nick Kristoff had written New York Times, he said 'People peddle toothpaste with more sophistication that all of the world's life savings causes'.. I just thought man that's so sad, so broken.. And I didn't think you needed a lot of money to build a brand, you needed good taste and a couple of talented designers.. Probably the most important thing was try not to bite off too much and we said, we're going to work through local partners, we believe that for work to be sustainable, it must be led with the locals and I'd knew nothing about hydrology.. You know like if I'd turn up in Kenya and start trying to drill wells, I am going to pay like five times for cement, what I should.. I'm going to drill more dry wells than good wells..

But we found these amazing local organizations many that have been at it for 30 years and we said we'll take on the piece of building the movement, raising awareness, raising money as efficiently as we can and then give it to these organizations and help grow through them so that they can lead their local communities forward...