

FOREWORD

Deval Patrick

*Managing Director, Bain Capital Double Impact
Former Governor of Massachusetts*

The American social sector is unique in its scope and scale. Our foundations, community and faith-based organizations, and other nonprofits mobilize substantial effort and resources to respond to a dizzying array of social challenges in virtually every corner of the country. Much of this relies on America's celebrated private philanthropy, which last year contributed a record \$400 billion. A range of taxpayer-sponsored services supported by municipal, state, and federal governments contributes significantly as well. Despite heroic work and undeniable progress on many fronts, social challenges persist. Indeed, many economists view social challenges like income inequality, low educational achievement, job scarcity, homelessness, and opioid addiction not just as social problems but drags on broad economic growth and prosperity.

Although addressing social ills serves the common good, the business sector generally has not viewed itself as a partner in this work. Indeed, solutions to many social ills involve goods and services that help address social challenges or improved means of production. The time is ripe for a new kind of collaboration. Business has a role—and a profitable one at that.

Fortunately, a new generation of leaders in business, government, and the social sector are bringing precisely that spirit of collaboration into play. I've seen impact investing in the private sector and social impact bonds on the public side begin to address our most pressing social challenges collaboratively and effectively across sectors.

As governor of Massachusetts, I supported the nation's first state-level social impact bond. This Pay for Success contract mobilized private investors to fund the expansion of the nonprofit Roca, using flexible funding to transform the prospects of hundreds of young people in some of the Bay State's most marginalized neighborhoods. We supported an innovative way to address youth recidivism, trying a new approach to public policy

but with private funds at risk. The investors get paid based on the savings produced by preventing recidivist behavior.

A similar kind of collaboration happens with impact investing. I launched an impact investing business at Bain Capital, where we invest in scaling private companies whose products or services create impact in sustainability, health and wellness, or community building. I am privileged to meet inspiring entrepreneurs and investors eager and able to build world-class businesses that not only create wealth for investors but also intentionally deliver social or environmental good.

What connects the social workers at Roca and the entrepreneurs and investors we work with at Bain Capital is a common motivation to improve outcomes in our communities. Although that sounds like an obvious focal point for organizing our social sector, as this book makes clear, that is not how our system is currently organized. But it can be. And a system organized around outcomes and results can substantially and affordably address our most vexing social challenges.

Reorienting our social system around outcomes is not going to be easy. This type of change never is. And it will require building trust and collaboration between leaders in the private and public sectors unused to working together. But it offers a way out of the cycle of exhausting effort, disappointing results, and eroding political support that too often characterize our efforts to address our most pressing social challenges.

We can all play a role in spurring this new way of working. Government officials and donors can collaborate with the social service organizations they fund to set clear expectations and then give these organizations the flexibility and data they need to reach them. Nonprofit leaders and social entrepreneurs can take the risk of embracing results-based funding that will pay only if programs work. Investors can help provide the upfront financing to enable this collaboration. And business leaders can go to market recognizing the long-term value of sustainable practices.

This is not the easiest path forward. But the examples in this book point to its potential. And the clear-eyed examination of the hurdles gives me confidence we will get over them. Reorienting our social system around outcomes could finally honor the generosity of donors and the effort of

nonprofit workers with the results they deserve and that our communities sorely need.

DEVAL PATRICK *is a managing director of Bain Capital Double Impact, where he focuses on investments that deliver both a competitive financial return and significant positive social impact. In 2006, in his first bid for public office after a successful career in law and business, he became the first African-American governor of the Commonwealth of Massachusetts. He is a Rockefeller Fellow, a Crown Fellow of the Aspen Institute, and the author of two books, A Reason to Believe: Lessons from an Improbable Life and Faith in the Dream: A Call to the Nation to Reclaim American Values.*