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PROPELLER

A BE FEARLESS CASE STUDY



PRINCIPLES IN ACTION

MAKE FAILURE MATTER:

Failure teaches. Learn from it.

LET URGENCY CONQUER FEAR:

Don't think and overanalyze. Do.

REACH BEYOND YOUR BUBBLE:

It's comfortable to go it alone.
But innovation happens at
intersections.

Guided by its values of innovation and experimentation, Propeller restructured its core program to more quickly move the needle on outcomes for food, water, health and education in New Orleans.

SYNOPSIS/SUMMARY

After four years of incubating social ventures in New Orleans, Propeller felt that its good work was not making a big enough dent in the significant challenges still facing the city after Hurricane Katrina. Acknowledging that good wasn't good enough, Propeller's leaders looked for a way to accelerate the organization's impact and hit on connecting social entrepreneurs working on the same issue from different angles as a potentially powerful new

strategy. With this insight, Propeller's leadership decided to pilot, and ultimately implement, a whole new model for its incubator program.

The following case study details how Propeller's strong experimental culture, structured decision-making process and dedication and accountability to its vision guided the organization to take risks that ultimately helped



its program participants more rapidly achieve greater outcomes in New Orleans.

THE BACKGROUND

When Hurricane Katrina struck New Orleans in 2005, 1,500 lives were lost, 780,000 people were displaced and 18,700 businesses were destroyed. In the following 10 months, the city lost an average of 95,000 jobs per month, keeping hundreds of thousands of people from recovering and rebuilding their lives. While billions of dollars and teams of people from outside the region arrived to help, many people in New Orleans believed that the city's revitalization needed to be driven by the community itself.

Propeller's vision is to build a critical mass of entrepreneurs working to solve pressing social issues in New Orleans in order to make significant change for underserved individuals in that city.

Andrea Chen was one of those people. Chen's whole career had focused on education in New Orleans—first as a public school teacher and then overseeing grants and loans for charter school start ups with the Louisiana Association of Charter Schools. In the aftermath of Katrina, she and a group of friends decided to help combat the deteriorating economy and accompanying social challenges in their city. They drew on New Orleans' spirit of entrepreneurship and in 2006 revived the volunteer-run Social Entrepreneurs of New Orleans. Over the years, this group grew and evolved into a hub of social entrepreneurs and by 2011, Chen had officially incorporated and rebranded the organization as "Propeller: A Force for Social Innovation."

Propeller's principles rest on the belief that there are market-based opportunities for addressing many social or environmental challenges, and the organization works to empower entrepreneurs to identify and seize those opportunities. Propeller's vision is to build a critical mass of entrepreneurs working to solve pressing social issues in New Orleans in order to make significant change for underserved individuals in that city. Over time and through market research, the organization identified four sectors in which it could best help entrepreneurs have the greatest impact—food security, water management, health-care and educational equity. Propeller selected these sectors based on:

- its knowledge about and experience with the issue;
- established relationships with organizations in the space;
- the feasibility of incubating viable companies in the sector; and
- opportunities for market-based solutions to garner sustainable revenue and make a significant impact on the issue.

In 2011, Propeller launched its first full accelerator program—an incubator for both nonprofit and for-profit social ventures—which provides intensive technical support and mentorship to entrepreneurs at various stages of growth. That first year, Propeller incubated nine ventures, ranging from a cooperatively-owned grocery store focused on local and organic foods in the Upper Ninth Ward to a workforce development organization focused on engaging local youth to revitalize blighted homes and resell them to New Orleans teachers.

A year after launch, Propeller moved into an expansive 10,000 square-foot former tire rim shop in the heart of Broadmoor, a New Orleans neighborhood that in some ar-

eas was under 10 feet of standing water after Hurricane Katrina and that some thought wouldn't (or shouldn't) be rebuilt. Propeller began offering co-working space to social ventures, providing free space to entrepreneurs enrolled in their accelerator and drawing other like-minded startups and individuals to collaborate and exchange ideas. Today, Propeller also uses the space to host events designed to forge connections between people seeking change in food security, water management, healthcare and educational equity. The co-working space and events are all aimed at bringing people together to ultimately create a larger impact collectively than they would have individually.

The Propeller programs and growing community serve as a critical hub for its entrepreneurs. As accelerator alumni Elizabeth Gard Townsend and Ron Gard ex-

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By 2014, more than 80 organizations and 150 people were working out of Propeller on a daily basis, and the graduation of the fourth accelerator class brought the total number of incubated ventures to 60. Together, these 60 ventures have generated a total of \$24 million in external revenue and financing and have created over 120 jobs for New Orleansians, impacting thousands of underserved residents.

THE “AHA MOMENT”

By many measures, Propeller was a success. Individual ventures participating in the accelerator program were thriving and the organization was garnering both local and national attention, including a feature in *Entrepreneur* magazine. And yet, the aggregate efforts of the organization and its ventures were only scratching the surface of New Orleans' deep challenges. The city had experienced a steady recovery since Hurricane Katrina, but in 2014, the poverty rate was 27 percent (significantly higher than the national average of 15 percent) and the social and environmental issues in the city remained severe. In 2014, 22 percent of adults and a quarter of all children were food insecure in New Orleans. Forty percent of the nation's wetlands are located in Louisiana but 90 percent of all losses of that ecosystem happen there, and street flooding and sinking land cause such persistent damage that the cost of street replacements in New Orleans are six times the national average. How could Propeller's leaders declare victory when faced with numbers like these? If Propeller was truly going to change the system for struggling residents of New Orleans, the organization needed to go beyond the status quo.

Around that time, Propeller's leaders were reflecting on the impact of an initiative they had developed and incubated—the Healthy School Food Collaborative, which aims to reduce obesity by providing healthy meals directly to schools in Louisiana. The Collaborative has made





significant inroads: in the 2014-2015 school year, 43 percent of students received a healthy school lunch, breakfast and supper, and as of school year 2015-2016, thanks in large part to the Collaborative, the Universal School Lunch policy went into effect, allowing schools to provide free meals to all students attending high-poverty schools.

Many of the Collaborative's successes came from the power of connections. These connections came through Propeller itself, which introduced Collaborative leaders to influential policymakers and school leaders who would become early adopters of the Collaborative's approach. Then later, the Collaborative benefited from connections with other Propeller accelerator participants.

In 2011, for example, Dryades Public Market (previously Jack and Jake's) was working to address limited community access to safe, healthy and local foods, and specifically wanted to provide local produce to schools. Earlier, the Collaborative had pushed for a requirement that five percent of food supplied to schools had to be grown or made within a 500-mile radius of New Orleans and so Propeller introduced Dryades Public Market to the school food distributors working under the Collaborative's contracts. Not only did this significantly increase Dryades Public Market's business, but it also led to a greater number of New Orleans students getting healthy local food. Similarly, in 2014, another accelerator participant, The Cookbook Project, was working to empower youth to be catalysts for healthier communities by providing food literacy and cooking education programs in schools. It was clear that The Cookbook Project and the Collaborative could both benefit from working together, and The Cookbook Project started providing its curriculum in the Collaborative's schools, making greater strides in improving health for the students in New Orleans.

Without necessarily identifying it as a new model for achieving greater innovation and impact, Propeller had begun to link organizations that, together, could make more lasting, institutionalized change than they might alone. Perhaps in the Healthy School Food Collaborative, Propeller's leaders had found the answer to having a greater, systemic impact. At the same time, and unlike most tra-

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ditional incubators, Propeller was acting on the knowledge that pulling the policy "lever" can make the difference between incremental and transformational change. Reaching beyond the traditional incubator audience in order to have a greater impact on the issues, Propeller was building relationships with government officials, helping to pass school food policies and then making connections between their entrepreneurs and these officials to help remove policy roadblocks and advance their causes on a deeper level.

Propeller's leaders realized they had an important role to play in making these type of connections that could lead to greater, systemic impact. As Julia Stewart, Director of Programs describes, "It's great to support individual companies, but that might just be a drop in the bucket. We're trying to create systemic change, and the best way to do that is to create a critical mass of entrepreneurs who are all focused on the same problem, but from different angles."

Driven by this vision, Propeller knew it had to reinvent its approach.



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THE *BE FEARLESS* RESPONSE

DISCIPLINED EXPERIMENTATION

The connections that had fueled the success of the Healthy School Food Collaborative had not been pre-meditated by Propeller, but rather had come about when the right people were in the right place at the right time. Now, Propeller wanted to find a way to recreate that network effect in a planned way and decided that experimentation would be the right approach. Experimentation is in fact a primary value of the organization itself.

Propeller's main objective is to spur social innovation to solve New Orleans' most pressing challenges. In building Propeller, Chen understood that people are much more willing to truly experiment and take risks if they know that failure is an acceptable outcome. At the same time, she also recognized that an organization cannot continue a failed experiment indefinitely while hoping that it will work out for the best.

Propeller's method of experimentation, therefore, starts by outlining parameters for the experiment, such as how big it can become and how long it can last. This discipline makes innovation and piloting more approachable and less scary

for Propeller staff. As Chen says, "Failure is acceptable; you just need to put boundaries on it. If we both decide that this new initiative is an experiment, we can both acknowledge that failure is an acceptable outcome. We both understand that the goal is to learn from the experiment, and, if we create the time and resource boundaries (for instance, 3 months and \$10,000) for how much and how long this can fail, then we will both feel very comfortable if we do fail, as long as we are within our boundaries and have learned something important."

With this culture of experimentation as its foundation, the Propeller team set out to test whether a different approach to the accelerator program would lead to better collaboration and progress on the social issues facing New Orleans. While some stakeholders were hesitant to overhaul a program that was already working, Chen remained focused on the long-term target. "Our goal is to create the best program we can [to lead to systemic change], and in order to do that we have to expand it."

DECISION-MAKING MADE EASY

Andrea and her team hypothesized that making the accelerator program sector-specific—allowing entrepreneurs work-



ing on one issue to go through the program together and giving them access to Propeller's relationships with policy experts and government officials, for example—would catalyze more collaboration and accelerate change. This would mean running multiple programs simultaneously, which would translate to significant administrative and resource changes for Propeller. This possibility prompted a number of questions from the team: Would they be able to get enough ventures in each sector to create multiple distinct and robust programs? How much more would this cost, and could they afford it? What would be the implications for staff resources with a team that was already stretched thin?

As the list of questions expanded, the team began feeling overwhelmed and risked falling into an “analysis paralysis” trap. In order to move forward with an entrepreneurial and experimental spirit, the team needed to break out of their fear of the unknown. So, as Chen had done many times before, she turned to the decision-making process she developed when she founded Propeller.

“When we were first getting started, I often felt overwhelmed. I wasn't great at efficient decision-making and issues would fester without a resolution.” As a result, she came up with a straightforward four-step process.

- First, ask yourself what is the single question you are trying to answer? Once you're able to focus on a single element, it is easier to clear your head and consider your options.
- Second, brainstorm options freely without eliminating or questioning any ideas. The more specific you can get with your options, the easier it is to clearly see the “universe” of possibilities.
- Third, systematically go through each option and lay out risks and opportunities for each one. For each

risk, ask yourself if you can mitigate it and how.

- Finally, eliminate options based on risks and opportunities, settling on the best and most viable path forward. You may realize that there are one or two options that are potentially viable and that you need more information to select the final, go-forward position.

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This process helps ground decision-making into something tangible and actionable, and all staff at Propeller, along with the entrepreneurs, are trained in this technique.

Chen and Stewart, along with Lead Mentor Kevin Wilkins, used this exercise to decide whether and how to proceed with a sector-specific accelerator program. What emerged was a plan to run a three-month pilot program for the water sector only. Though there was still uncertainty about changing their core program, the two thought that an experiment with a short water sector-specific accelerator would serve as a trustworthy barometer for whether to restructure the entire program and would simultaneously lend invaluable lessons on how to implement the program successfully, should they choose to proceed. If the water-specific accelerator failed, consequences to the existing core program would be minimal.



THE ART OF THE PIVOT

As Chen and her team redesigned the original model, staff started to examine other aspects of the program that might be modified for better results. “Anything that wasn’t set in stone was up for questioning,” Stewart described.

One topic up for debate was the length of the program. In its four years of existence, the program had always lasted 10 months. The Propeller team wondered if the same or better results might be achievable in less time.

Another area for reconsideration was the one-on-one consultant model. For years, Propeller had paired each social entrepreneur in the program with a paid consultant to act as a mentor and coach. This required consultants who were engaged, supportive and experienced in the content of the entrepreneur’s specific venture. Finding consultants, maintaining quality control and creating a good match for 100 percent of the entrepreneurs each year had proven difficult. The consulting relationship, when done well, was incredible and high value-add, but the team needed alternatives to better manage quality-control with expansion.

With these questions in mind, the team looked outward and conducted a benchmarking study of other incubator programs. The results showed that Propeller was a major outlier with regard to program length, as most incubator programs ran for only three to six months. Propeller discovered that it was also an outlier in using a one-on-one consultant model for its ventures. This knowledge prompted Chen, Stewart and Wilkins to further change their initial experiment—the water sector pilot program would run for three months and have one, highly-skilled mentor who worked with seven or more entrepreneurs at a time.

The Propeller team was ready to suspend their old model for the time and pivot to test something new. Though there was some uncertainty around taking this risk, the team knew that the pilot was based on solid information and thorough planning.

DIVERSE APPROACHES ACCELERATE SYSTEMS CHANGE

In September of 2014, Propeller launched an accelerator uniquely for the water sector with 13 different companies. All of the ventures were working to solve the issue of New Orleans’ rising sea level and abundant storms—which, with inaction, is anticipated to cause more than \$10 billion in infrastructure damage alone and as much as 80 percent wetland loss over the next 50 years. In response, federal and state officials have created a 50-year plan to save and rebuild the disappearing delta at an estimated cost of \$50 billion.

These companies all approached the issue differently, and their activities ranged from creating a process of berm design and deployment to increasing the rate at which the marsh is restored, to providing storm protection for the coast through massive planting of hurricane-resistant bald cypress and water tupelo trees. The ventures participated in training workshops on essential topics, such as the Lean Startup Methodology, financial planning, market understanding and competitive assessment. Participating entrepreneurs also worked individually with Mike Eckert, former President and CEO of The Weather Channel/ weather.com, the water sector expert serving as the cohort’s lead mentor, to develop customized work plans. The cohort met weekly to discuss specific topics as well as share their challenges and provide support to one another.

Promisingly, these weekly sessions often yielded actionable ideas that ultimately helped advance more rapid change on the challenge at hand. For example, one week

the cohort focused on storm water management. To date, there had not been an industry standard for how to measure the reduction in storm water runoff, making it difficult for the city to understand whether or not progress was being made in solving this problem. So Eckert challenged the group to create a common metric that could be applied across companies using different approaches to storm water management. Though it was a struggle to find one measure the entrepreneurs could collectively use to demonstrate the effectiveness of each individual venture, the cohort eventually produced an easy-to-use metric that all efforts to manage storm water runoff are almost certain to use. In fact, Propeller has since adopted this metric, and others related to coastal restoration, to quantify its overall impact on this critical issue facing New Orleans.

As the Propeller team had hoped, synergies emerged as this diverse group of ventures all worked toward addressing the same problem from different angles. One venture, the Front Yard Initiative—a project of the Urban Conservancy, was working to replace impermeable surfaces in residents' yards with greenery and permeable stones that would allow storm water to be absorbed rather than creating runoff, street flooding and sinking land. However, once Front Yard Initiative's initial work was done, there was a need for someone to support residents in maintaining the new green space. Groundwork New Orleans was another venture in the accelerator seeking to promote public education, conservation and green infrastructure to reconnect residents to the environment. One way they accomplished this was through a youth service-learning program where volunteers helped maintain green spaces. Groundwork New Orleans proved to be the perfect partner for Front Yard Initiative as they followed up Front Yard Initiative's initial construction with continual maintenance, ensuring that the reduction in storm water runoff was ongoing. Just as the Healthy School Food Collaborative became

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a vehicle for collective change in the school food arena, the water sector pilot was enabling connections between ventures that let to greater progress in addressing New Orleans' water issues that each one would have achieved individually.

THE RESULTS

The 13 water management companies graduated from the pilot program having built stronger business models and valuable relationships with their cohort members and Propeller's larger peer alumni network. Though the companies no longer gather in structured weekly meetings, the participants continually support one another and discuss challenges that arise. They keep in touch with Eckert for informal guidance, plan official reunions with one another, and continue to attend Propeller-hosted water sector convenings, like workshops on water quality monitoring and an upcoming unveiling and discussion of the 2017 Louisiana Coastal Master Plan. As this community strengthens and expands, these relationships will be critical in forming new connections and partnerships that will in turn, further advance solutions for addressing water issues in New Orleans.

Based on the success of the pilot, the Propeller team decided to move forward with a full restructure of its accelerator program. Some questions remained about Propeller's capacity to deliver the service, how they would fulfill the budget, and how the participants would react, but the team used the discipline of the Propeller decision-making process





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to responsibly design the new program model. The 10-month program would be replaced with two separate, sector-specific tracks. A newly-dubbed “Startup Track” began in the fall of 2015 and will run for three months. The program will work with up to 10 early-stage ventures in each sector—a total nearly twice the size of Propeller’s earlier cohorts—to take them from an idea to a viable business model, and in some cases, a pilot stage. The most promising ventures from the first track will be invited into the subsequent “Growth Track,” a five-month program with more intensive support to bring ventures from beta to launch.

By the end of 2015, Propeller was contributing to New Orleans’s economic development and making an impact:

- Over 250 full- and part-time jobs created, contributing to an expanded workforce in New Orleans.
- Over \$60 million in external financing and revenue collectively generated by Propeller Ventures and Alumni.
- \$90,000+ in seed funding awarded to ventures through sector-based PitchNOLA competitions.

Though this new accelerator program is a big change for Propeller, Chen is moving forward confidently with the evidence of a successful experiment. Propeller’s ability to take seemingly large and overwhelming problems, and method-

ically break them down into smaller, manageable pieces, has allowed Propeller to work with entrepreneurs to move the needle on solutions more proactively and efficiently. Their decisions are made easier by their process, embedded philosophy of experimentation and failure, as well as their keen focus on the goal of solving health, education, food security and water management challenges in New Orleans. This new accelerator is not the first, nor the last, pivot Propeller will make in search of lasting systemic change.

To focus its efforts in pursuit of this systemic change, Propeller has set specific impact goals for the next 10 years in each of the other three priority sectors—food security, educational equity and health care—as it did with the water management sector pilot. Among others, these metrics include the percentage of kids consuming healthy school meals; acres of wetlands restored; gallons of storm water kept onsite; a decrease in chronic absenteeism, suspensions, and truancy; and additional health benefits accessed by underserved populations.


Propeller also holds itself responsible for measurable improvement in key areas usually outside of an incubator’s sphere of influence, including changes in policy and public-private funding practices. For example, the organization tracks the number of influencers mobilized per policy initiative. Propeller even goes a step further, gauging its success, in part, on the quantified benefit to entrepreneurs as a result of key policy changes.

The combination of Propeller’s willingness to pivot to a new accelerator program that maximizes connections and its discipline in holding itself accountable to specific outcomes is enabling the organization to help transform New Orleans. As Eckert describes, “Propeller and Andrea are fearless and on the edge in terms of what they are doing. What they have done in New Orleans is no less than remarkable...when Katrina happened it shook the market to its bones. But now, the market has come out swinging and has had an incredible renaissance, thanks in large part to Propeller.”



Guiding Discussion Questions

What is your approach in the face of big decisions? Do you have a specific decision-making process?

 _____


How do you encourage yourself and others in your organizations to experiment?

 _____

What currently prevents you from experimenting and what systems or processes could you put in place to make it a more regular part of your organizational culture?

 _____

Are there aspects of your existing programs that have stayed static for many years? What could you do to challenges these programs or look for improvements?

 _____

In what ways could you increase your impact by connecting with other organizations working on the same issue from a different angle?

 _____

Do you have public policy reform goals attached to your program efforts – city/state/national/global?

 _____

For funders: How might you facilitate connections between your grantees that would increase their overall impact?

 _____

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