

Masters of Scale Episode Transcript: Scott Harrison

JONATHAN GOTTSCHALL: Why do stories pull us in? I think of story as sort of an ancient virtual reality simulation, not unlike a flight simulator.

REID HOFFMAN: That's Jonathan Gottschall, author of *The Storytelling Animal*, which digs deep into humanity's abiding passion for stories. This show's producers are obsessed with his book.

GOTTSCHALL: So a pilot goes into a flight simulator, he gets this imaginative simulation of what it's like to face different problems while he's flying a plane and he gets better at flying the plane, but without taking any risk.

And story may have served the same function for humanity, as a way to go into rich, imaginative, emotional simulations and train up on all the big problems that humans might confront in their lives, but without any danger. At the end of the story, the hero dies in your place.

HOFFMAN: In his extensive investigations, Jonathan has immersed himself in stories from across different ages and cultures. There are three basic elements that all stories share.

GOTTSCHALL: So what's a story? A story always has a character.

HOFFMAN: A character not unlike Scott Harrison, the founder of Charity: Water, who started his career working in the bars and clubs of New York City.

SCOTT HARRISON: So a typical night out for me: dinner at 10:00, the club at midnight, after hours at 4, and then stumbling home somewhere around 11 a.m.

GOTTSCHALL: The character always has some sort of problem, predicament, some sort of trouble in their lives.

HARRISON: I was trying to put myself to sleep, it was around noon, popping the Ambien to come down. I remember looking out this window on Houston Street, in New York City. And other people were just going about their lunch hour. And I just remember thinking, "Wow. I mean, I'm about to go to bed, get up at 7:00 or 8:00 p.m., and do this all over again."

I remember just feeling so unhealthy. There was this moment of clarity, this moment of realization then that my life was on the wrong path.

GOTTSCHALL: And they attempt to solve it. Stories are problem solution structures.

HARRISON: So I'm trying to get out of the clubs and I'm getting deeper and deeper in, and there was this one night, I remember I was out with the new restaurant partner. And I remember I was fantastically hammered and came out of the bathroom of this private member's club and saw a bouncer talking to my new partner.

And they had a heated exchange and my new business partner says, "Hey, this guy is harassing me. You know the owner, why don't you do something about it? You got my back or what?" And I stumble out onto the street and I dial the owner and say "Hey, you know, bad behavior going on here." And she winds up terminating the employee.

And the next night – I typically left the party at the club I was working at it three – and I left at 2:50 a.m. And on my way home. I got a text from my door man. "Hey that guy that you just fired, he just turned up with a gun looking for you."

And I said, well, I'm going to, I'm going to take a couple weeks and get out of town. And I remember renting a cobalt blue Ford Mustang on a one-month rental and I grabbed a Bible. I grabbed a carton of Marlboro Reds. I grabbed a bottle of scotch. And I was just going to head north and take some time to lay low and to think about things. And as it turned out, I never, I never came back.

HOFFMAN: A good storyteller draws you in. A better one puts you in their shoes. A great one makes you feel the pain from every jagged rock, stone, and piece of gravel they clamber across – while also filling you with the hope of redemption. And Scott Harrison is among the greatest I know. You'll hear a lot more from him later in the show. But for now, back to Jonathan, on why stories matter.

GOTTSCHALL: In a nearly literal sense, story is a drug. Story reliably lulls us into an authentically altered state of consciousness. It's a state of high attention, we're just riveted. And it is also a state of high suggestibility.

People are much more open minded when they are in story land, both for better and for worse, because the other side of being open minded is being gullible, so we're kind of suckers for story as well.

HOFFMAN: We ARE suckers for a story. It's what gives storytelling such a great power. And, like the tale we just heard, the best stories are rooted in unvarnished truth. I believe that great companies are built on great stories. And great stories are completely, transparently honest.

[THEME MUSIC]

HOFFMAN: I'm Reid Hoffman, founder of LinkedIn, partner at Greylock, and your host. And I believe that great companies are built on great stories. And great stories are completely, transparently honest.

Throughout time, stories have been key to helping us make sense of ourselves, our societies, and our place in the world. What began as oral tales passed down through generations grew to become the foundations of entire civilizations. Picture a group of neolithic people, their rapt faces flickering in the light of a campfire as a tribal elder regales them with stories of their ancestors. Other than a few millennia and some overpriced popcorn, there's little separating them from a modern audience of filmgoers dwarfed by a towering IMAX screen.

As a leader, you need to be a master storyteller. You need to craft a compelling narrative that engages your employees and your customers, builds a community, and infuses people with purpose. You have to be willing to tell this same story again and again, to bring new people into your tribe of believers. And you also have to recognize when it's time for the story to evolve.

But most important, you have to avoid the trap of stretching the truth. As a founder or idea-sparker, you're competing with a cacophony of other stories. Some of your less scrupulous rivals may tell stories that sound like more fiction than fact. Fiction is fine when your aim is simply to spin a yarn. But if you want to make a real connection with your audience, you need to make honesty the cornerstone of your story.

I wanted to talk to Scott Harrison about this, because he is, first of all, a masterful storyteller. He has the ability to enthrall the most jaded of cynical critics. His nonprofit Charity: Water has funded 30,000 water projects across 26 countries, bringing clean water to eight and a half million people. And Scott's stories make people feel invested in his cause – whether it's the overarching mission to bring clean water to everyone on the planet or how a single well transforms life in a remote village.

But Scott is also a truth-teller. He made radical transparency the fundamental rock of Charity: Water, which guaranteed that 100 percent of public donations will be used on its well-digging projects.

Scott may also be the most extreme turnaround story we've had on Masters of Scale. But it wasn't a company that Scott brought back from the brink; it was himself. Scott wasn't always a paragon of generosity. In fact, he's first to admit he used to be quite the opposite.

HARRISON: I had been a club promoter for 10 years in New York City, so I had worked at 40 different night clubs. And what I thought I was looking for was money, fame, making sure I was always with the most beautiful girl in the room, the watch, the car. And I couldn't believe that you could get paid to drink alcohol in New York City, that this job actually existed.

HOFFMAN: By many people's measure, Scott was living the dream.

HARRISON: I moved at 18, you know, rebelled against a very conservative upbringing, and that led me to a pretty successful place where I did drink, in fact, for a living, and fly around to fashion week, and my girlfriend in fact was on the cover of a fashion magazine, and I did drive a BMW, and I had a nice piano in my New York City apartment, and I had a Labrador Retriever.

HOFFMAN: But it wasn't enough.

HARRISON: All these things that I had been chasing, I had, and I realized it didn't make me happy. It was this endless pursuit of more. And I was surrounded by much wealthier and successful people and I realized that they weren't all happy either and there would just never be enough. It was almost like the game of musical chairs where the music stopped and I looked around and there was nowhere to sit. I just felt unsettled.

HOFFMAN: Scott began to realize that he had been telling a story that just wasn't true to himself. He began to wonder about the other roads he might have taken.

HARRISON: This had to do with the upbringing, the morality and spirituality that had been really ingrained in me as a child that I'd walked away from and I wanted to come home, I wanted to refind that. It was at the very end of this journey that all the things I thought would make me happy, I just realized they wouldn't. And it looked like 180 degrees: what if I went all the way back to where I started and then took the other road?

HOFFMAN: That other road wasn't a slight detour. For Scott, it meant slamming on the brakes in a screeching u-turn.

HARRISON: Well, I actually asked myself this question, "What would the opposite of my life look like?" And I thought, "Well, if I'm this selfish, hedonistic, drug-addled nightclub promoter who's done nothing for the poor, nothing for anyone else, what would it look like to actually help people in need?"

And I thought, "Ok, what if I quit and did one year of humanitarian service to the poor?"

HOFFMAN: Scott sold most of his belongings, gave up his apartment in New York, and began applying to every charity he could think of. And every one of them turned him down. Finally, after months of rejection, one nonprofit offered to take him on. But there was a costly catch.

HARRISON: "Hey, Scott, if you're willing to pay us \$500 a month and if you're willing to go live in post-war Liberia" – which is a country I'd never even heard of – "you can volunteer with us."

HOFFMAN: It sounded pretty good to Scott.

HARRISON: And I said, "This is perfect, it's the opposite of my life. Here's my credit card. When does it start?" And they said, "Three weeks!"

And then that led me to my first exposure really to extreme poverty. And at that time Liberia had come out of a 14-year civil war, there was no electricity, there was no water, there was no mail system. And I joined a group of humanitarian doctors, which really eventually then, led me to water.

HOFFMAN: That nonprofit was called Mercy Ships. They dispatch ships staffed with medical personnel throughout the developing world. They dock at key ports, and perform life-changing operations for thousands of people. Scott was tasked with documenting their efforts in photos.

HOFFMAN: So tell me a little bit about what the experience was in taking pictures on this very first trip?

HARRISON: It's funny, I think the first time I met you I opened up a laptop and I made you look at 100 pictures.

HOFFMAN: Yes.

HARRISON: I'm just, I'm a visual learner and I'm a visual communicator, and for me it was show don't tell. Now I would say it's show *and* tell, it's both, there's storytelling and there's showing. I was given the role of photojournalist, so my job was actually to document every patient pre-op and post-op, and I was with a group of maxillofacial surgeons operating on a huge 522-foot hospital ship.

HOFFMAN: It was harrowing work, coming face to face with the raw truth of needless suffering. But seeing how people could be helped was exhilarating for Scott. His storyteller's instinct emerged, and he just had to share his experiences with people back home.

HARRISON: What was exciting to me was, first of all, I had never seen massive facial tumors, I had never seen any of the things that I was experiencing. And I'm taking these pictures, and the cool thing is that I had 15,000 people on my club email list and open rates were almost 100% back then.

The only thing I knew how to do was to share these images and stories with the people that I've been getting drunk for 10 years. You can imagine what this looks like, you go from getting invited to a party at Prada headquarters in New York City, three weeks later you get a picture of a six-pound pink fleshy tumor in your inbox. My headline was "Alfred is suffocating to death on his own face, click here to read more." And people did.

HOFFMAN: Not everyone wanted to see these startling images in their inboxes. But a surprising number of Scott's old friends were compelled to get involved. They had never been exposed to these brutal stories in such an unflinchingly honest way.

HARRISON: Of course, I got a few unsubscribes, but most people were moved to compassion and curiosity in saying, "I had no idea that this world of sickness and lack of access to health care existed."

HOFFMAN: Scott knew he was on to something.

HARRISON: I had this "aha moment" early on that the photos would move people in a way that the words couldn't. If I just say, "Hey, I took a picture of a kid with a tumor today." You're like, "I've never seen a kid with a tumor in his mouth before." But you show that.

Or I remember meeting a 65-year-old woman in the bush with a cleft lip, and for her entire life food and water had spilled out of her mouth because she never had access to a \$200 surgery.

The picture of her before and the picture of her after being received back into her village like a celebrity, that says so much more than the ability to even just tell that story. That first year I took 50,000 photos and I was just blasting, I was assaulting my club email list every few days, every week with a new story, a new "before and after" set.

HOFFMAN: For Scott, these pictures had far more than mere shock value. They told true, human stories. Stories that started from a place of despair and darkness, but offered a truly happy resolution that anyone would want to be part of. During his year with Mercy Ships, Scott encountered for the first time both the gut-wrenching problem — and the relatively simple solution — for communities that didn't have clean water.

HARRISON: Well, I saw the water crisis for the first time in Liberia. I was really fortunate because Mercy Ships gave a little bit of money to this one guy to go out and help people build wells. Because I was responsible for documenting everything, I would jump in his Land Rover and I would go hours into the bush and I would see the water that people were drinking — and I'd never seen anything like that.

You're in disbelief because it looks like a brown, viscous swamp. It's not even chocolate milk, it's like thick chocolate milk. I would watch these children bathing in dirty water, drinking dirty water, washing their clothes in dirty water, and I learned that 50% of the country was drinking bad water. Again, I was taking pictures of this, I'm back on the ship and I'm sharing what I'm seeing with the doctors and surgeons and they're like, "Yeah, duh, of course. We know so much of the sickness is related to water."

HOFFMAN: When you look hard at the most pervasive health problems in the developing world, many of them trace back to a lack of clean water. But neither Scott nor anyone he knew had been exposed to this challenge before. And the more he learned, the more he felt the need to do something.

HARRISON: I just thought, "Man, if you really care about health, then why not get to the root? Why not solve this basic need?"

HOFFMAN: One experience brought it home.

HARRISON: There was this powerful moment for me where on our screening day – so this was my third day in Africa – the government had given us a football stadium, a soccer stadium, to triage the patients as they would come in and I knew that we had 1500 surgery slots.

I remember jumping into a Land Rover at 5:00 in the morning, I had scrubs on, I had my two Nikon cameras around my neck and I'm like, "Are 1,500 sick people *really* going to turn up?" As we turned the corner there were more than 5,000 people waiting outside. So there was this moment for me of, "Oh my gosh, we're going to send 3,000 people home who have come with hope."

HOFFMAN: As he thought about this basic need, Scott was haunted by scenes from his former life. It was a montage of decadence and unthinking privilege that was obscene in the light of what he had witnessed with Mercy Ships.

HARRISON: The other particular irony was that I sold bottled water in my nightclubs for \$10 to people who would come in, order 10 bottles, and not open them because they're drinking Crystal champagne or Dom Pérignon or vodka instead.

Just the, again, the extremity of seeing a child drink from a swamp and knowing that a guy like me could sell VOSS Sparkling for 10 bucks, and there was so much affluence people didn't even need to drink the water, it made me want to go work on that specific issue.

HOFFMAN: For many people, this would have been a crushing moment of despair. Scott had seen first hand the scale of the problem. Communities that lacked clean water faced overwhelming health problems. And they faced social and economic challenges too. Women and girls in these communities walked for hours each day just to get clean water — hours that could otherwise have been spent in school or at work — if only the water problem were solved.

Scott had spoken with medical experts who viewed the problem as an unavoidable fact of life.

But Scott refused to accept that dire assessment. To him, the far more believable – and hopeful – story was that the problem could be solved. Village by village wells could be dug, clean water could be found, and human suffering could be avoided.

HARRISON: Who wouldn't want to bring clean water to the world? It's a party. Imagine the day when we get to declare success.

HOFFMAN: Scott believed the real problem wasn't a lack of solutions or a lack of generosity. The real problem was born from a lack of transparency. As he hatched his plan to launch a nonprofit, he heard the same jaded view over and over again from his friends.

HARRISON: They said, "Oh, I don't give to charities, charities are black holes. I don't know where my money would go. I don't know how much of it would actually reach the people. Charities are ineffective, they're bureaucratic, the CEO is probably just trying to make millions of dollars for himself and driving a Mercedes Benz around."

And I realized, "Whoa, this is crazy." I always thought America was this generous country and we have this reputation for being some of the most philanthropic people in the world. So for me, this was the great opportunity.

HOFFMAN: Where others saw cynicism, Scott saw opportunity. He would launch a nonprofit designed to bring clean water to the world and inspire generosity by tackling cynicism head on.

Scott had already proven that cynicism could be overcome, even among some of the most self-obsessed people on the planet — his cohort of New York party goers. He was ready to go big, and he would do it with a three-prong plan. He would commit to total, radical transparency; he would guarantee that 100% of public donations went directly to the water projects; and he would create an aspirational brand — one that told the kind of true stories people would yearn to be part of, and share with others.

Scott's commitment to radical transparency was radically radical. I can't think of another non-profit that guarantees 100% of donations will go straight to the source.

And even the least attentive student of Economics 101 would see a flaw in this plan. If 100 percent of donations were going to the people who needed it, what was Scott's masterful plan for covering the cost of doing business? The office space, salaries, and other expenses that go hand-in-hand with trying to change the world.

It was a plan that required innovative thinking and a leap of faith.

HOFFMAN: Talk a little bit about how the mechanics of the first came together which is, "Well, we're driven by getting these new donors, we want this transparency and we want

100% of the money, but in order to do that we need other sources of money too." How did you put that business model together?

HARRISON: I can't even tell you how hard that was and how I'd talk other people away from doing that now. We just opened up two bank accounts. So there was this idea that the public's money would never be touched, go in the "Water Bank Account", we called the "Water Bank Account"; then there would be the operations bank account.

HOFFMAN: To fund the operations bank account, Scott went to big donors. It was a constant hustle to make sure they didn't burn through that account. And it was a losing one. Sure, Scott could have decided to make an exception in those early days. A one off compromise to dip into the water account and keep the operations humming. But that was a slippery slope Scott didn't want to slide down. Even if that meant folding the charity.

HARRISON: So we get to this point about a year and a half in where we raised a couple million dollars and the game was up. There was a moment when there was \$111 in the bank account for overhead, I'm skipping my paycheck, my staff, I'm like, "Don't cash your checks, just wait another week, I'm working on it. I'm going to get another \$5,000, \$10,000 to put in." I just realized I can't raise money for the overhead fast enough.

HOFFMAN: Scott prepared to close Charity: Water. He'd done everything he could think of. He'd even cold-emailed the founders of the three biggest social networks of the time. Mark Zuckerberg. MySpace founder Tom Anderson. Bebo founder Michael Birch.

HARRISON: So Zuck doesn't write me back, Tom doesn't write me back, Michael Birch actually wrote me back and said, "I actually like this idea. But I can't help you now but keep going."

HOFFMAN: Scott was convinced he had struck out. He still had \$881,000 in the charity account. But he refused to spend a penny of it on overhead. He made preparations to distribute the last of that money and close Charity: Water. But at the last moment, a lifeline appeared.

HARRISON: Michael reemerged and he says, "Hey, I'm in New York, I'd like to stop by and see your office." Well, we had actually just moved into a really greasy, crappy office at that point and he comes in and I remember he's very British, I think he hates me. He doesn't smile for an hour, very dry, "Oh, I don't like charity, I don't get, I don't trust charity." I'm like, "Well, yes, I know. I built this thing for people like you."

HOFFMAN: Scott's commitment to transparency had convinced a charity skeptic like Michael to get involved. Scott set about bringing the Charity: Water story to life.

HARRISON: I do my thing on the laptop and I'm clicking through 100 photos and, "Here's my experience in Mercy Ships and here's my vision for a world with clean water

for everyone and here's the business model but I'm kind of broke." He says, "Well, let me think about it."

HOFFMAN: Scott's storytelling skills paid off.

HARRISON: Three days later I get an email from him saying, "Hey, it was great meeting you. I wired a million dollars in your overhead account." We go from insolvent to a year in funding, and you know in your business, this was a lifeline. It's funny because at the moment it was all about the money, it was, "I have another 12 months of runway to go and figure this out."

I think now it was the confidence, someone believed in me, they believed in this crazy business model. That was a third of a billion dollars ago and had it not been for that one act of radical generosity, that one act of trust, that one person saying, "I see something in this entrepreneur and I'm going to fund it. I'm going to give him a little more rope."

HOFFMAN: That's the most important thing about securing an investment – it's a vote of confidence that your vision, the one you've wrestled with, nurtured, and at your darkest moments doubted – it is a vindication that gives you the emotional capital to go out and sell your vision to others. And that's exactly what Scott did.

HARRISON: We then used that extra year to work on the other side of the business and turn it into a multi-tier, multi-year giving program. Where now 129 families fund all of the overhead and it's people that I'm sure you've had on here, it's been Jack Dorsey and Sean Parker and Jony Ive and Angela Ahrendts, Matt Mullenweg, Daniel Ek, and it's been a lot of, John Doerr, venture capitalists and entrepreneurs that actually delight in helping us build the business.

They delight now in paying for the 78 employees in New York City, they delight paying for a software engineer who could be at Facebook or Google making 50% more plus stock and has decided to code in the service of others, to use their time and talent for less financial gain.

HOFFMAN: Scott refers to this group of wealthy donors that supports the overhead as "The Well." Their support continues to be vital to this day.

HARRISON: I spend 50% of my time building that group because it's hard, it's still hard. But they have made it possible for over a million donors now to have a pure play. So you have these two bank accounts, 130 families, a million donors getting a pure play, so we made it work. But without that moment, it wouldn't have.

HOFFMAN: Scott's radically transparent finances were hard-won. But they created the backdrop of trust that he could build on. And his next challenge was an even steeper climb. He

was determined to fashion Charity: Water as an aspirational brand — one that led with hope instead of guilt. It wasn't at all obvious how to do this.

HOFFMAN: How did you go about this, "I'm going to create an aspirational brand?" An ability where people have this emotional connection, this desire, this want to wear the t-shirt, for example. What was some of your thinking about how to do that effectively?

HARRISON: The whole thing to me was invitational, it was a party. I threw parties for 10 years, so there was something about me that would look down from the DJ booth and see a 1,000 people dancing and smiling and say, "I have done a good job."

Now that party looks pretty rough around 5:00 in the morning when the lights come on and people are lying on the floor and going home with hangovers. In some ways I wanted to throw a party for good and I thought giving and generosity was this redemptive, magical thing. When you give of your time and your talent and money like I had, so I had been redeemed in the process.

HOFFMAN: Note how Scott uses this story of his own redemption to make the huge task relatable to others.

HARRISON: I had gone from this selfish hedonist who was miserable and rotting inside and filled with rage, to this person filled with life as I ran around taking pictures and sharing stories and seeing the money come in to impact people's lives and meeting these doctors.

I came back completely transformed after my two year volunteer gig and I dropped the vices and I didn't miss them. I didn't want to go back in the clubs, I didn't want to do coke again, I didn't want to do any of that stuff. I wanted other people to share in that experience.

HOFFMAN: Scott has made this positive outlook the very fabric of Charity: Water.

HARRISON: We would have these sayings at the organization, "Hope, not guilt." Invitation, inspiration." Who wouldn't want to come along? The images that we would take would be people getting clean water, there would be these images of water erupting from the ground – stories into the sky, three, four stories in the sky – 1,000 people surrounding the drilling rig, getting wet, water falling from the sky. They're clapping, they're dancing, they're laughing.

That was the Charity: Water image – not the child drinking dirty water. We weren't afraid of that in context but we always ended with, "Here is what we're about, we're providing this life giving party and there's before the water and there's after the water. Do you want to be a part of that solution?"

HOFFMAN: What Scott understood instinctively was that people respond more passionately to solutions than to problems. Problems can inspire outrage and guilt, but they also trigger compassion fatigue. Solutions inspire hope and motivation. Solutions are an invitation to work together and to feel like you can make a difference. The key was making people say “yes” to that invitation. And Scott saw a fundamental flaw in how charities had traditionally gone about doing that.

HARRISON: As I looked at charities I saw bad websites, I saw anemic brands. Nick Kristof had written the New York Times that people are peddling toothpaste with more sophistication than all the world's lifesaving causes. And where was the Nike, the Apple, the Virgin? Where were these imaginative inspiring charities?

HOFFMAN: It wasn't just that they were uninspiring. It's that they were making a basic flaw in judging the psychology of their target audience.

HARRISON: Charities use shame and guilt to market their wares, they made people feel terrible about what they had hoping that they would respond. You remember those Sally Struthers' commercials from the '80s and the kids in slow motion looking sadly at the camera, and the fly lands on the forehead, and the 800-number comes across. They worked but nobody wants to wear the t-shirt of that charity, nobody wants to tell their friends. That charity didn't make them feel hopeful.

HOFFMAN: So Scott took his cue from a brand that had built itself on selling aspiration.

HARRISON: Think about Nike, Nike was really the best inspiration for me. Imagine if Nike marketed like many charities, "Hey America, you're fat, you're lazy, you're stupid, turn off the television, put away the Doritos, go for a run."

First of all, it wouldn't work. Secondly, nobody wants to wear that shirt. But that's not what Nike has done, they show stories of people overcoming impossible odds, overcoming adversity. Nike says, "Greatness is within you, you can do more than you ever thought possible," and then they story tell and story tell and story tell around that. And then you do want to wear the shirt because Nike believes something in you. We've really done the same thing, we believe there's deep compassion and generosity in people that's waiting to be untapped.

HOFFMAN: And here is where the real power of inspirational storytelling kicks in. Because it creates a loop that feeds into people's desires to share. And then they open up their networks to the cause, and the inspirational story spreads.

HARRISON: As they tap into that, it frees them from the selfishness, it frees them from the pursuit of more, and I want them to get addicted to giving. That feedback loop, that

proof loop was so important for us: inspire someone to give and then show them how their money – even if it's 10 bucks from a child, from a lemonade stand – how that \$10 actually traveled across the world and did good. And if you can show them, you create this virtuous cycle and they continue to give, not just to us but to others.

HOFFMAN: Scott knew he wanted to spark a global virtuous cycle with Charity: Water. He took stock of the resources at his disposal. He had his photographs. He had a commitment to transparency. And he had an email list of movers and shakers.

And there was one more resource that Scott added into the mix. A resource that would go on to define Charity: Water in the popular imagination. It's a resource that we all have. Something we all get once a year, whether we want it or not. Our birthdays.

HARRISON: I launched Charity: Water in a nightclub on my birthday, it was my 31st birthday. And the only idea I had to officially launch was to get a bunch of people in a club, give them open bar, and ask them for 20 bucks on the way in as a donation. And we raised \$15,000.

HOFFMAN: By donating his birthday, Scott had made an impression on his circle of friends. More than that, he had inspired even the most unlikely of them to look on charity in a different light.

HARRISON: I remember that night that a weed dealer came to the club and he put \$500 in and he said, "This is the first charitable donation I have made in my life but I know where the money is going." And there was just this, "Oh my gosh, we're onto something."

HOFFMAN: Scott had taken the one day of the year when people are encouraged to be selfish, to sit back and be showered with gifts and well wishes, and he had flipped it 180 degrees.

It was simple. It was invitational. It was something everyone could do. And it tapped into the fact that people build their strongest relations with other people, not brands or ideas. People started happily giving up their birthdays to support Charity: Water.

HARRISON: And then this idea just exploded where 16-year-olds start giving up their birthdays, 89-year-olds start giving up their birthdays. I remember this woman, Nona Win, writes in her mission statement, she says, "I'm turning 89 and I'd like to make that possible for more people."

And we realized this is a rich idea, our birthdays can help people have more birthdays, can help children reach the age of five and not die from waterborne disease. Nona was, because of the privilege that she was born into, had lived twice as long as the average in

some of these countries where we were working. so you had this beautiful message that was fighting the materialism of the age.

HOFFMAN: More and more stories were being generated. Prompting more people to donate their birthdays to the cause, and bring their networks into the celebration.

HARRISON: We then also had this really nuanced message was, "Well, I can give out of the blessing." I have been blessed with health care, I've been blessed with clean water. If my birthday can help other people, then I want to turn it into this redemptive generous movement.

This spreads, then people start fundraising campaigns, they say, "Well, I can't wait till my birthday but I have this other idea, let me go climb a mountain, let me go walk across America, let me sail across the Atlantic." We had a guy listen to Nickelback for an entire week with headphones on, raise \$30,00.

HOFFMAN: That man deserved every single dollar. And then some. We salute you for your sacrifices.

The birthday initiative went on to become one of Charity: Water's signature methods of fundraising. It wasn't just the compelling stories that were driving people to donate. It was Charity: Water's commitment to transparency that appealed to even the most hardened of cynics. As well as building a fun campaign that was simple and compelling, backed by a brand that was inviting and inspirational, Scott was promising two other things: that all of the money donated would be going to the people who needed it; and that if you donated, you would be able to track every dollar.

Scott saw the direct relation between this radical transparency and the story he was telling – and he was prepared to push it further than anyone thought possible. This included giving live GPS coordinates of all the water wells built by the charity, so anyone who had donated could check on them.

HOFFMAN: The projects you can see on the map. You could go, any place you want to go, you can go see it –

HARRISON: People do by the way, Reid.

HOFFMAN: Yes.

HARRISON: They turn up in northern Uganda to go see their well.

HOFFMAN: Is there any particular story about a visitor to a well that's worth sharing?

HARRISON: Sure, one guy saw a well that was broken and he had biked across the country to raise money for his well, and he went there and it was broken. And he got back to our team and we have a system for this, so we dispatched the mechanics. He wound up going back to see it again fixed and then writing all of the people that had given him money from his fundraising campaign saying, "Charity: Water did the right thing." It was this it was almost a win rather than say, "Oh, well, too bad." We were like, "Oh, thank you so much for telling us."

HOFFMAN: This story illustrates how this kind of radical transparency bolsters your objectives and, itself, generates compelling stories. Even when it reveals your failures. And often, because of it. Scott was lifting a veil that other charities thought should stay in place.

HARRISON: Other charities were like, "Why would you do that? Why would you? There's no win for you, it's only bad news." Right? Because in the absence of information every well is working 100% of the time forever until you know that it's not, so why would you ever put yourself in that situation? Why would you ever go find a bad user?

You don't have to in our case, and we said, "Well, that's crazy, if the well is not working we want to fix it and we want to know what went wrong in the first place so we can inform better implementation and change the process."

HOFFMAN: The feedback loop of radical transparency has helped Charity: Water pinpoint problems and solutions in construction. That malfunctioning well in Uganda, for example, exposed a simple, solvable problem with the materials used there.

HARRISON: In Uganda what actually happened was there was so much iron in the groundwater and we were forced to use the government standards for steel. We have now been lobbying to change the standards from steel to PVC because the wells rot every three years or so. This actually informed kind of a much greater good across what we hope will be the full country.

HOFFMAN: I think it's worth emphasizing that. Part of putting yourself and being open is creating that trust and emotional connection that supports the brand. It's like, "No, we are authentic, we're learning, we just want the outcome. We're going to do it too." And then people go, "Oh, wait, you're open? So someone found a broken well and you fixed it? Oh, I trust you."

HOFFMAN: Not only did lifting the veil increase trust in Charity: Water, it also made for honest stories that highlighted both the difficulty and the promise of its work. Charity: Water would celebrate its anniversary with the live broadcast of a well digging. For one of these, Scott decided to drill in a part of the Central African Republic notorious for its tough geology.

HARRISON: It was probably a 50/50 chance, and I actually... I didn't really tell my team but I knew that going in and I could see the other scenario where we fail and we broadcast anyway and the trust that that would build.

HOFFMAN: Notice how Scott was confident that, even if they “failed”, they would succeed in reinforcing their reputation for openness.

HARRISON: In fact, that's what happened. So we drilled for a couple days, we almost drilled in quicksand. So we can't get any water, we can't build the well, and we leave this village no better than we found them. Imagine the hope, drilling rigs coming and drilling rigs come in they rumble and guys jump out, they're looking, there's dirt everywhere there's gravel flying up in the air.

A few days later it's silent as the rigs leave and say, “We can't find water.” I broadcast that to a quarter of a million people and said, “We let them down, we couldn't find water.” We actually wasted I think, it was \$15,000 on the dry holes and this is the reality, we're going to try again. We're going to come back in the future we're going to bring back different equipment.

It was the most popular video we had ever done in the history of Charity: Water at that point because as you said, it was authentic. It doesn't always go right, I think if a charity says that everything is perfect all the time, it leads to a distrust and a disbelief because our lives are not perfect.

HOFFMAN: Notice how Scott completely up-ends conventional wisdom here. The way he would build trust and belief wasn't by presenting a picture-perfect public face. It was by telling the truth, warts and all. Between the joy of their aspirational approach and the rawness of their transparency, Charity: Water won the loyalty of donors, and saw extraordinary growth.

HARRISON: “It's working, we're crushing it.” Eight years of consecutive growth. In 2014, we raise \$45 million dollars and we helped a million people get clean water that year. It's like 2,500 people every day of the year, it's meaningful.

HOFFMAN: Charity:Water's donations soared... Until they didn't. After eight years of growth, Charity: Water saw its first drop in donations. They were down \$9 million for 2015. Part of that was due to two major donors pulling their funding that year due to business downturns. But there was a more fundamental problem. It was with the birthday model that had been at the core of Charity: Water's fundraising for almost a decade.

HARRISON: The problem for our organization was that people only did one, they did one birthday for Charity: Water. “I did it, I built my well, I raised my \$1,000.” And then they would take the idea and they would do education or they would do health care or

another justice issue that they cared about. But I didn't have any sort of repeatability in that.

HOFFMAN: It was another crisis that shook Scott to his core. The crisis of confidence that is a villain in every founder's story, and has them asking that fateful question: do I have what it takes?

HARRISON: I have this terrible existential crisis, I think it's all my fault, I've failed as a leader, it's time to step aside. This is in Q4 of that bad year, so I saw the writing on the wall. I tell my exec team, they're like, "Dude, stop whining, go back to work. Are you kidding me? You're not starting a CEO search in Q4." They said, "Look, you're burned out. Why don't you take a month off? Think about it."

HOFFMAN: Scott took that time off. And during his sabbatical, he had a realization fundamental to his business model.

HARRISON: Why don't I actually instead of whining about it, go and try and figure out how to get that next growth curve? How to re-innovate? How to pivot? The realization was actually pretty simple: it's a non-repeatable business model that we built, birthdays are non-repeatable, one time donations are non-repeatable.

The Well, those 129 families were actually repeatable. They were giving on three-year terms and renewing it at 80% plus rate because we could build a relationship with them.

HOFFMAN: Times had also changed. When before, Scott had looked to social networks for inspiration in building a sustainable network of givers, now he looked to a new breed of online service.

HARRISON: As I started to look at the Netflixes and the Spotifys and learn that most people have 10 subscriptions these days, why couldn't I build a subscription program for pure good? Why couldn't I build a subscription program where a lot of people show up for a little bit every month, know that 100% of their money is going, and then let's get creative around building community and showing them their impact.

I come back, say, "Alright, we're going to launch this thing, we're going to call it The Spring." I thought that was a nice hopeful name, right? Spring brings a smile to your face, and it's actually one of the water solutions that we fund around the world.

HOFFMAN: And true to form, Scott knew the way to sell this new model was with a compelling story. With the 10 year anniversary of Charity: Water, it was the perfect tie in. So what was the master storyteller, known for short punchy engaging tales, planning?

HARRISON: "Okay, here's what we're going to do, we're going to launch a 20- minute video online to promote this thing." Crickets.

My team was like, "Are you crazy? No one's going to watch a 20-minute video, the attention span is like 15 seconds these days. You could barely get people to watch a minute video." I said, "No, no, we're going to tell the whole 10-year story of Charity: Water and this is going to work."

HOFFMAN: Scott was adamant his approach would work. They pumped \$50,000 into making the video. Then launched it.

HARRISON: And we put this thing out, And it crushes it. I think 17% of the people that watched the video convert to subscribers. It starts to grow, the subscription program starts to grow, expands to 10 countries, then 20 countries, then 30 countries, then 50, and that's the beautiful thing about the Internet, people start sharing this video with each other. It now has 10 million views, it's been passed around.

The cool thing is that we don't even talk about Charity: Water until minute nine in the video, I think, and we're seeing people sign up at minute six, seven, and eight because of the storytelling, because of the transparent kind of raw emotional nature of that.

HOFFMAN: That video is called "The Spring: 10 years of Charity: Water". It's a masterclass in telling a compelling story. We'll link to it on this episode's page on our website.

Needless to say, Scott didn't quit. The Spring was a success. And it was thanks to Scott's faith that retelling the compelling story of Charity: Water would draw people back in.

HARRISON: Last year we grew 37%, this year we're going to grow another 35%. We think we're going to go over \$70 million this year, help almost one and a half million people get clean water. It's really powered by this reinvention, this group of people from 100 countries that give an average of \$30 a month. There's a lot of people that can give \$30 a month knowing that 100% is going to get one person clean water.

It's been so exciting. So we're telling stories of the community, we're flying teams around to make unique video content now for our Spring members. They're going to Cambodia, they're going to Ethiopia, they're going to Uganda saying, "This is what you're doing. Look at what you guys are doing."

HOFFMAN: Yeah, well, one of the things, like I said, it's funny because I don't think that most of the world at scale understand – they understand the emotional connectivity, they understand the importance of water that you've gone out and drawn a huge spotlight to.

They don't understand that actually, in addition to the kind of the brand and storytelling – which is spectacular – it's also this business model innovation. One of the things about thinking about how you spend your time is, well, you have a track record of coming up with really good innovations that make it work. That's a mild nudge to say, "Do more of it, because it's worked out really well."

HARRISON: I'll take that.

HOFFMAN: I'm Reid Hoffman. Thank you for listening.

