

## Masters of Scale: Rapid Response Transcript – Scott Harrison

“Tapping into generosity (via Bitcoin)”

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**SCOTT HARRISON:** As we sit here and record this, 785 million people live without clean water every single day. And I realized, is this something most people listening to probably take for granted, right? We woke up this morning, we brushed our teeth, we made our coffee. 10% of the world doesn't have any clean water. And if you don't have water, it impacts health. It impacts education. It impacts the local economy. I could go on and on. And the great thing about working in water, and maybe sometimes the frustrating thing, is it's actually solvable.

Charity Water had been in this season of explosive growth. Then the pandemic hit, and people started calling, saying, "I don't think I can make that commitment. Don't count on me."

My first speech back was to 10,000 people at the Bitcoin conference. While we built the largest water charity in America by two or 3X, we're not doing enough. I'm focused on growing the community, inviting more people to care about this issue, to care about clean water for others.

**BOB SAFIAN:** That's Scott Harrison, founder and CEO of Charity: Water.

After hitting a wall of fundraising trouble early in the pandemic, Scott and his team bounced back and are on pace for record levels of impact in 2021.

I'm Bob Safian, former editor of Fast Company, founder of the Flux Group, and host of Masters of Scale: Rapid Response.

I wanted to talk to Scott because he's grown Charity: Water's footprint in good times and tough times, by taking far-sighted and often unconventional strategic steps.

Just recently, he launched a Bitcoin Water Trust, to tap into new assets and a new community of potential donors.

But Scott's success is also a product of his passion and his unwavering belief that there's no better investment in people and communities than clean water.

**[THEME MUSIC]**

**SAFIAN:** I'm Bob Safian, and I'm here with Scott Harrison, founder and CEO of Charity: Water. Scott, thanks for joining us.

**HARRISON:** Bob, it's fun to reconnect. It's been a while.

**SAFIAN:** Yeah, we haven't seen each other since the pandemic hit. Some people are trying to wish away or wash away the past year. Others are kind of leaning into lessons, however hard they may have been. What was the last year like for you and for Charity: Water?

**HARRISON:** Well, personally, it was a year of immense change. I've lived in New York City for 26 years. Nothing was going to get me out, raising two young kids in the city, and when the pandemic hit, we had this opportunity to leave the city. We've got a multi-generational family, grandparents and great grandparents alive, and we pulled them out of Brooklyn, and we rented a 1920s farmhouse about two hours north in Pennsylvania.

And we never went back to the city. So I am still here in my attic, looking at gardens and a very different view than Battery Park City. We've got 27 chickens. We're growing our own food. My kids are four and a half and six and a half, so they've just loved the country life.

**SAFIAN:** Is this a permanent move?

**HARRISON:** I'm not sure. We still have an office in Tribeca. So far, every time I've been in New York, I can't wait to get back to the farm. So it's permanent until it's not, as I told my wife.

**SAFIAN:** For your business, my guess is the waves of where and when the pandemic hit different parts of your business evolved during the year.

**HARRISON:** Yeah. That's true. So it hit us really hard in March. I think it was March 8th, there was a COVID-19 case in our building, and we shut down our 30,000 square foot headquarters. We never went back to that space. We then saw donations hemorrhage. We lost about \$10 million in corporate donations over a period of just a couple weeks. Charity: Water had been in this season of explosive growth growing 30% and 40%. So we'd grown the org from about \$35 million in donations to \$90 million in donations in just a couple years. We were headed into 2020. We were going to have our first 100 million-plus year in donations.

Then the pandemic hit, and people started calling, saying, "I don't think I can make that commitment." Then in our kind of micro donation business, we saw a lot of people cancel their monthly memberships. So as an exec team, we reacted pretty quickly. We took a 20% pay cut across the board. We kind of slashed the budget and began to cut costs, just making sure we'd be able to weather the storm, we wouldn't run out of cash.

Then we kind of saw the impossible happen, and we wound up raising about \$90 million. We saw people come through. We saw our micro donors come through, the 5 and the \$10 and the \$20 gifts. We saw some really significant gifts from major donors. It turned out to be an unbelievable year of impact, and we've been able to take those tailwinds really into this year.

**SAFIAN:** You and I have talked in the past about your efforts to try to create a system for fundraising at Charity: Water, where you weren't quite on the hamster wheel—

**HARRISON:** Right.

**SAFIAN:** —that a lot of nonprofits are in, right? Trying to create a system about it, did you feel like that system held up better? Did you have to adjust that system because of the year?

**HARRISON:** Yeah, it's a great question. So for 10 years, the first 10 years of Charity: Water, it was a one-time donation model, peer-to-peer fundraising. People would donate their birthdays to Charity: Water. They would run marathons. Kids would sell lemonade, all of these kinds of extraordinary activities from a million donors globally. But most of them gave once or fundraised once. And in year 10, we pivoted to the subscription model. You and I had talked about this, but I was fortunate to take Daniel Ek of Spotify to Ethiopia and spend a week with him in the back of land rovers, looking at some of the work that he'd funded. He kind of commented on just how our business model must be exhausting to wake up on January 1, have the ticker roll back to zero, and say, "We have to do that all over again and then somehow do more so that we can grow."

So that was really a big pivot for us. In year 10, we launched what we called the spring, which is Spotify or Netflix, except it's a donation subscription for clean water where 100% of what everybody gives every single month goes straight to the field, helps people get clean water. That grew really quickly right up until the pandemic to over \$20 million in annual recurring donations. So being able effectively to start Jan. 1, knowing where the next 20 million was coming from and being able to build on that base.

What was extraordinary, Bob, was we actually saw our three lowest months of churn in the middle of the pandemic. So we thought people would be leaving in droves as unemployment shot up, as uncertainty in the markets, certainly uncertainty in the economy, and we saw the opposite. We saw resilience in those people giving 10, 20, \$30 every single month. Again, we were able not just to kind of hold steady, but to really significantly grow the spring to grow the subscription product during the pandemic.

**SAFIAN:** That's interesting. So the spring group kind of held steady, and that group that you sort of were hearing those corporate donations dropping off, is that the group you call the well? Is that your sort of core operations funders?

**HARRISON:** Yeah. We have this unique business model where 100% of all public donations go into one bank account. We call that the water bank account, and those are donors now from 150 countries globally. In a separately audited bank account, we have 125 entrepreneurs and families that pay all the overhead costs. They pay the staff salaries. They pay the flights, the office costs, the toner for the Epson copy machine. That's what we call the well, that group of 125 families. They also were loyal. So it was really what we wound up losing was the corporate number, as so many of our corporate partnerships were in retail, and they just completely shuttered their businesses. So that was really what we lost, but then we made that up in the small donations and really the generosity of our well members.

**SAFIAN:** You usually do a pretty dramatic fundraiser each year for your key donors and supporters. Were you able to do anything like that this year?

**HARRISON:** This was a really cool moment as well. So yeah, we would do these galas every year. We'd raise about \$7 million at the gala. It's a pretty big production, and it's months and months of teams putting together innovative displays. One year, we showed a virtual reality film in synchronicity to 400 people in the Met Museum in New York City. Another year, we built a screen in the round that was the length of a football field, and we shot all the content in 360. We had a moment where we drilled for water in Ethiopia, and we sprayed the whole crowd. So water started falling down on them. So kind of over-the-top, experiential, visceral galas to put people in the story and then encourage them to be generous.

Last year, we did something very different. I went out to Columbus, Ohio. We found a production company who built us a COVID-safe studio in the middle of the convention center, and we did an hour-long meeting for those 125 families. We talked to them about the progression of our partners across Africa and India and Southeast Asia, how COVID had impacted our work. We talked about wells being repaired at health clinics. We talked about the hand-washing stations that we were building. We talked about the social-distancing education that we were engaged in now across 20-some countries.

I'm in a tux talking to people as if they've attended a gala, but they're connected on Zoom. At the end, the last five minutes, we said, "Hey, we just want to give you an opportunity to give what's in your heart. There's no chicken dinner. There's no big experience here. Here's the importance of our work. Here's where we're at as an organization." In the last five minutes of that Zoom call, Bob, with about 120 families, we raised \$5 million.

**SAFIAN:** Wow.

**HARRISON:** It was one of the most extraordinary events as we just watched people give generously.

**SAFIAN:** As you talk about what you talked to them about, about your operations, your partners on the ground in places all over the world, in Africa and India, how did you manage those operations, those partnerships? Because as complicated as things were in the United States and from state to state, from country to country, from region to region around the world over the last year, and still, it's very uncertain and, in a lot of places, very scary.

**HARRISON:** Yeah. I mean, it was a challenge. Our team manages most of these relationships with boots on the ground. I think we calculated one year they flew to the moon and back three times collectively as a water programs team across 20-some countries. So they manage those relationships on Zoom, a lot of phone calls, a lot of getting up in the middle of the night to sync those time zones. But I think what surprised us or maybe what inspired us was our local partners. Many of them went to the governments and classified their organizations as frontline essential workers, saying, "Clean water in a health crisis, in a pandemic is more important than ever before. Hygiene, hand-washing is really important."

So we were able to move forward with the work. Of course, there were some temporary lockdowns, two weeks here, four weeks here. But the images that came in, Bob, throughout the year were our partners out there with masks on, drilling wells, operating the same drilling machines they were operating pre-pandemic, installing these giant blue handwashing stations as the community is sitting six feet apart at a well, learning about how to keep themselves safe with clean water.

And a lot of our partners got COVID. A lot of the conversations we had with them, they were experiencing many of the same things we were. There was a real sense of connection, I think, in a shared experience where we're all trying to move the mission forward. I think it really made the relationships and the organization a lot stronger.

**SAFIAN:** Operationally, I mean, you've got, I don't know, 65,000 water projects or something, 12 million people, 20 some countries. As you say, there's a lot of drilling. There's a lot of maintenance that's required in all that. I know you invested ahead of this in certain technology to be able to keep track of that. Were there any things that during this year, you were like, "Oh, it's really good we did that."

**HARRISON:** One of the biggest opportunities for me as a leader was I was able to host about 30-plus events with our smallest supporters, smallest by dollar amount. We would invite these spring members, who, many of them, Bob, were only giving \$5 a month, and we would invite them to an hour Zoom, and like 600 people would turn up from Slovenia to Ghana to Seattle. I would report to them almost as shareholders. I would thank them sincerely for their 5 and \$10 a month gifts, their loyalty. I would let them know they were very much needed. Then I would do Q and A at the end. So I got to connect with more members of the Charity: Water global community.

We brought our partners in from Uganda and Madagascar and India to talk to our community. So that was kind of a huge win and now a paradigm shift. We're going to do more of these in the future, even as we resume some of the in-person events.

You mentioned the sensors. This is a really important project. Sustainability has been a deep focus for Charity: Water. We want to make sure that when we invest in building a water project in a rural village in Malawi, in a rural village in Nepal, that water continues to flow for years and years to come. Previously, a lot of people would just drill wells and leave, and there were these statistics we were coming across that about up to 40% of the world's water points are broken. But nobody really knew which 40%, and there wasn't that follow-up mechanism. So we were fortunate many years ago to win a \$5 million innovation grant from Google to begin our journey into sensor technology, into building sensors across 21 countries. Now we have the largest dataset in the history of the world when it comes to rural water supply. So we're monitoring well over a billion liters through our sensors. We're still early with this. But we really think this is the future and will help us just bring greater transparency to the water sector and certainly know more about our projects.

**SAFIAN:** So I have to ask you about the Bitcoin Water Trust.

**HARRISON:** Yes.

**SAFIAN:** I keep saying that some things happening in the crypto world sound like an HBO special. So what is the Bitcoin Water Trust, and how did it come about? What are you hoping for out of it?

**HARRISON:** Well, I was just in Miami a couple weeks ago. My first speech back was to 10,000 people at the Bitcoin conference, sandwiched between Jack Dorsey and Floyd Mayweather. So that'll tell you something about that conference. Look, Charity: Water was an early adopter taking in Bitcoin as donations. In 2014, we started accepting Bitcoin. Funny story, Tony Hawk came to one of our galas, and he pledged \$1,500 at the gala. And he decided to pay in Bitcoin, which was five Bitcoin at the time. So just like anything else, we promptly sold Tony Hawk's five Bitcoin for about \$312 each and we sent that \$1,500 to the field to help a bunch of people. And over time, we collected 569 Bitcoin to be precise. We sold that Bitcoin for 4.4 million. And just to give you a sense of just over the last kind of call it 60 days of crazy volatility, that 4.4 million would be worth somewhere between 25 to 39 million. So somewhere between what? Six and 9X impact had we held for a couple of years. And it's not traditional for charities. We were following the best practice. If you give me Apple stock today, I'm going to sell it.

You give me the stock to go and liquidate it and turn it into clean water for people in need. So we handled Bitcoin or Ether like any other asset that we received. And the more I started to learn about the technology, to be quite honest, I became bullish on the asset personally. I believe it has a very high probability of appreciating over time. Then I

started learning that pretty much everybody in the Bitcoin community thinks the same thing to an order of magnitude more. So we just came up with a pretty simple idea after talking with a lot of them saying, why don't we accept Bitcoin in a special trust and lock it up and hold it for about five years through one full Bitcoin cycle.

And let's open up the trust in 2025 and see what it is, what it's worth. Many people said specifically, I would never give you a Bitcoin to turn into fiat right now. I believe it is massively undervalued, but I will give you a Bitcoin if you promise me you're going to hold onto it. So this is off to the side. I think it's important to say, of the core business, Charity: Water's going to raise over a hundred million dollars this year. We're going to hopefully reach a milestone of 15 million people served. But this is a special trust for people who want to give Bitcoin as an appreciated asset in the hopes that it will grow and have an impact. So we've now got about \$3.6 million committed in Bitcoin just in a few weeks with this new strategy. 3.6 million today, I believe it could be a much greater impact going forward in the future.

**SAFIAN:** And is the idea that eventually this trust becomes like an endowment? I mean, five years from now, are you going to liquidate it then or is the idea that this will be perpetuating another kind of well to feed the organization?

**HARRISON:** The promise that we're making right now is that we are not going to sell any of the Bitcoin in this trust until at least 2025. I don't think I can imagine a waterfall moment. I certainly don't imagine a moment where January 1, 2025, we turn everything into U.S. dollars and put it in a U.S. dollar bank account. The intent actually is to spend the trust in Bitcoin, and I imagine we might be able to actually fund water projects in Ghana or Malawi directly with Bitcoin or another stable coin potentially.

And I think as valuable as the Bitcoin that we will receive in the trust, and we're so far at 99 committed Bitcoin, is really the relationships with the people that we're getting to talk to.

**SAFIAN:** It sounds like you're stronger now coming out of the pandemic than you were going in with more new ideas and more resources coming in. When you look to the future, what's at stake for Charity: Water right now.

**HARRISON:** Well, here's the thing, Bob. I started Charity: Water when I was 30. I was living on a closet floor in New York City with a pretty big vision of trying to bring clean and safe drinking water to everybody on the planet. So 15 years later, I'm focused on the same thing. And by the end of the year, we'll have helped about 15 million people out of 785 million people, okay? So it's a huge volume of people. It's what? 1.7, 1.8% of the global problem solved. So I feel like so much is left to do. We've only raised about \$600 million for clean water for the world, Bob. That's not a lot of money.

That is a fraction of what is needed to truly move the needle. As we record this, me in an attic... Are you still in Brooklyn?

**SAFIAN:** I am, I am.

**HARRISON:** You're still in Brooklyn. Okay. So me in my attic in Pennsylvania, you in Brooklyn, one out of 10 people in the world, they're drinking bad water today. 10% of the planet is living without the most basic need. So here we are with our headphones and our fancy podcast equipment and Zoom and our internet talking about cryptocurrency, and 785 million people lack the most basic need. And while we built the largest water charity in America by two or 3X, we're not doing enough. I'm focused on growing the community, inviting more people to care about this issue, to care about clean water for others and trying to grow all of the different communities within Charity: Water.

To grow the well, those 125 families that pay for the overhead. To grow the subscription community from what? 80,000. I mean, Bob, what does Netflix have now? 150 million people, Disney+ I think got to 100 million subscribers. We have 80,000 people that are showing up for clean water. So I believe that's a fraction of what is possible. And look, we don't have access to the capital markets. We don't have the marketing budgets that a Disney or a Netflix has. We kind of have to grow this with word of mouth, but there's a lot more left to be done, and I really believe that the best is ahead.

**SAFIAN:** Do you see the outside, cultural environment shifting at all in the way people respond to water?

**HARRISON:** Bob, it feels a lot harder than it should. I mean, convincing people to part with their money is a challenge. Fundraising is hard, and I coach and mentor a bunch of young social entrepreneurs. I was just on the phone yesterday with a guy who hit his first million dollars. He just crossed the million-dollars-raised mark, and he said to me, he's like, "Is it still hard when you're trying to raise a hundred million dollars a year?" And I'm like, "Yes, it is still incredibly hard." So I think there's a lot to be said for showing up, for consistency, for staying true to your values. I mean, I'm trying to build an organization that is transparent, that is high integrity, that is effective. And I think just by being here, just by doing the same thing diligently for 15 years allows great things to happen.

And I kind of feel like we're going to get the benefit of many of the seeds that were sown seven years ago, 12 years ago, 15 years ago. And we're starting to see that. It doesn't feel like there's a tipping point that's just on the horizon. It feels like you gotta keep showing up, you gotta keep telling the story.

**SAFIAN:** Yeah. You mentioned Daniel Ek earlier, and I remember asking him, Spotify has grown so much, and I was like, "What's been the hardest phase?" And he said to me, "The hardest phase is always the next phase. I've gotten this far. It's always the next phase. It doesn't get any easier, it just gets harder."

**HARRISON:** It's true. It's true.

As we sit here and record this, 785 million people live without clean water every single day. 82% of those people live in rural areas, 18% of those people live in cities and towns. And I realized, is this something most people listening to probably take for granted, right? We woke up this morning, we brushed our teeth, we made our coffee. Maybe we even have sparkling water in the fridge or bottled water to take to the gym or the yoga studio. 10% of the world doesn't have any clean water to drink. And if you don't have water, it impacts health. Up to 50% of the disease in many of these countries is because of the lack of clean water, lack of access to sanitation. It impacts education. This is one of the top reasons why girls drop out of school because it's their job to go and walk sometimes for hours for water. It impacts the local economy. I could go on and on. And the great thing about working in water, and maybe sometimes the frustrating thing, is it's actually solvable. It's not like we're looking for a new vaccine or a cure to some incurable disease. We know how to get people clean and safe drinking water. And Charity: Water is taking a solution agnostic approach now for 15 years. We fund 13 or 14 different technologies across a global portfolio, but sometimes it's as simple as drilling a well or building a rainwater harvesting system or biosand filters.

And there's always a solution. It takes funding. It takes capital. It takes groups that can go out and turn that capital into the construction of water projects. So, when you're able to do that, you get all these amazing benefits beyond just the common sense of clean water. You get health benefits. You give time back to women and girls who can use that extra time to sell things at the market to earn extra income, to lead their communities forward. When you hook up schools with clean water and sanitation, you get better students, they get better grades. So I think one of the great things, maybe 15 years into this journey with the same mission, the same simple mission as when I started, bring clean water to everybody in the world, is that it really is an inarguable good. It is really one of the few things everybody can agree on. It's just a good thing to do.

Bob, no one has told me to stop in 15 years. "Scott, let them drink bad water. Let the women walk eight hours a day to a dirty swamp, risking their lives, or attack, or..." No one believes that. Whether you're Republican or a Democrat or a libertarian or an independent, everybody can come together and agree on clean water for others.

So it's allowed us to build a really big tent and maybe some positive consensus in a world that certainly feels more fractured and divided than anything I've experienced in my 45 years of life. So I think that's another benefit. Something we're trying to lean into at Charity: Water is inviting people to come to this table of generosity, of compassionately caring for others and agreeing to agree on this one common good.

Water is life. I mean, I still can't think of a better place to put a philanthropic dollar that is aimed at human flourishing, that is aimed at ending needless human suffering. I can't think of a better place to put it than in clean water.

That keeps us going, Bob, that keeps us energetically telling the story, retelling the story. Trying to tell it like it's the first time.

**SAFIAN:** Well, Scott, as always, I love your passion and your creativity and your intensity about tackling this challenge that as you say, we should be able to solve, and we can. And you're making strides on. So anyway, thank you so much for taking the time.

**HARRISON:** Thanks for having me. Good to see you again.