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## FREAKONOMICS

### Bottom-Line Philanthropy

By STEPHEN J. DUBNER and STEVEN D. LEVITT

#### The “Soccer Boy” Effect

Brian Mullaney’s epiphany occurred back in 1994 in Vietnam. He was traveling as a board member with Operation Smile, a charity that performed cleft-repair surgery on poor children around the world. Because the organization flew in doctors and surgical equipment from the United States, its time and capacity in a given locale were limited. “On every mission, 500 or 600 children would show up begging for treatment,” Mullaney recalls, “but we could only help 150.” In a small Vietnamese village near the Chinese border, there was one kid who played soccer every day with the volunteers; they took to calling him Soccer Boy. When the mission was over and Mullaney and the others drove away, he saw Soccer Boy chasing after the group’s bus, his cleft lip still unrepaired. “We were in shock – how could he not have been helped?” That’s when Mullaney realized that charities like Operation Smile were badly in need of a new business model – or any business model at all, really – and he set out to invent one.

The incident in Vietnam with Soccer Boy made him realize, he says, that cleft deformities “are not a medical problem; they’re an economic problem.” As a philanthropist, offering surgery to only a fraction of the children who needed it made him heartsick. As a businessman – at the time, he ran an advertising agency – it made him cringe. “What store turns away 80 percent of its customers?”

Mullaney helped conceive a plan. Instead of using Operation Smile’s hard-raised millions to fly doctors and equipment around the world for limited engagements, what if the money were used instead to train and equip local doctors to perform cleft surgery year-round? Mullaney figured that the cost per surgery would drop by at least 75 percent, and he saw no reason not to try it. Operation Smile’s leadership saw things differently, so Mullaney and a few others left the organization and started a rival group, Smile Train. Along the way, Mullaney got out of the advertising business and became the new organization’s president.

Smile Train works as a charity because it is run like a business. Fixing a child’s cleft lip or palate is a relatively cheap procedure with outsize payoffs: cleft children in many countries are ostracized and have a hard time going to school, getting jobs and marrying, and the surgery reverses those disadvantages. Indeed, when pitching a reluctant government, Mullaney refers to cleft children as “nonperforming assets” who can soon be returned to the economic main-

stream. He fights bad incentives with better ones: when Smile Train learned that midwives in Chennai, India were being paid off to smother baby girls born with cleft deformities, Mullaney started offering midwives as much as \$10 for each girl they instead took to a hospital for surgery.

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Smile Train has also harnessed technology to create efficiencies in every aspect of its business, from fundraising to charting patients’ outcomes. It developed surgery-training software that helps educate doctors around the world. There are high-tech quality-control measures: using digital imaging, a Texas cleft expert grades a random sample of operations performed by Smile Train doctors around the world, in order to know which surgeons in, say, Uganda or China need more training. These are the sort of innovations that likely make Smile Train one of the most productive charities, dollar for deed, in the world. Over the last eight years, Smile Train has performed more than 280,000 cleft surgeries in 74 of the world’s poorest countries, raising some \$84 million last year while employing a worldwide staff of just 30 people.

Mullaney estimates that Smile Train is close to reaching a historic break-even point: it will perform more operations each year than the number of children born each year in developing countries with cleft deformities. This means Smile Train may be well on its way to putting itself out of business. “That,” Mullaney says, “would be a dream.”

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*Stephen J. Dubner and Steven D. Levitt are the authors of the book “Freakonomics.” More information on the research behind this column is online at [www.freakonomics.com](http://www.freakonomics.com).*