

Social Entrepreneurship: A Global Perspective

Fall 2014

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Tuesdays: Uris Hall, 307

Fridays: Uris Hall, 307

This course is offered in the Fall 2014 between September 2nd and 19th. The course comprises six sessions as follows:

Tuesday – 4:00 to 7:15 p.m. Uris 307	Friday – 4:00 to 7:15 p.m. Uris 307
September 2 nd	September 5 th
September 9 th	September 12 th
September 16 th	September 19 th

REQUIRED COURSE MATERIAL

See description of required readings for each session, described below. In addition, see questions to prepare before the beginning of each class, INCLUDING THE FIRST CLASS.

REQUIRED PREREQUISITES AND CONNECTION TO THE CORE

There are no prerequisites for this course. The learning in this course will use, build on, and extend concepts covered in the following core courses:

Core Course	Connection with Core
Leadership	<ol style="list-style-type: none"> 1. Building Teams 2. Ethics 3. Influence and Persuasion
Strategy Formulation	<ol style="list-style-type: none"> 1. Trade offs, value-added efficiencies 2. Creation of value vs. value capture 3. Behavioral and evidence-based strategy 4. Ethics and IBS

Global Economic Development	<ol style="list-style-type: none"> 1. What is the role of social entrepreneurship in the economic system? 2. How do entrepreneurs create markets that drive economic development? 3. Short term vs. long term trade-offs in relation to economic development
Marketing Strategy	<ol style="list-style-type: none"> 1. Customer Analysis 2. Branding 3. Marketing Strategy particularly to bottom of pyramid populations

COURSE DESCRIPTION – GLOBAL OVERVIEW

Social entrepreneurship refers to the practice of combining innovation, opportunity and resourcefulness to address some of our most challenging social, economic and environmental problems. To accomplish their transformational goals, social entrepreneurs create ventures that may be for-profit or non-profit, but the priority is on generating systems-changes that improves the lives of people and the planet. Social entrepreneurship has a particular function in the economic ecosystem, but because it is focused primarily on value creation rather than value appropriation, entrepreneurs working with this mission must juggle multiple bottom lines.

The course will examine how innovative social ventures are tackling some of the world’s most pressing problems and engaging with more traditional actors seeking to learn from and support their efforts. What are the particular challenges these entrepreneurial ventures with a social or environmental mission face as they start up, strengthen and scale their organizations? How are they different from charitable non-profits or from mainstream businesses? What leadership role do these organizations play in society? Why does social entrepreneurship matter, and what is the future of this emerging practice? And how does the context in which they are spawned influence the problems they address, the innovative approaches they spearhead, the organizational and business models they pursue, and the partnerships they forge? What sources of capital are available to start up and grow their ventures, given that their aim is purpose maximization rather than maximizing returns for shareholders?

These questions will be examined along with an overview of the following aspects:

- **The role of social entrepreneurship in the economic system**, clarifying what makes social entrepreneurs different from commercial entrepreneurs, but also from social welfare and social advocacy organizations. What are the implications for how these organizations can scale to achieve greater impact?
- **A global snapshot of entrepreneurship for social change**, comparing and contrasting how social entrepreneurship has developed in the U.S. and in other regions of the world. The overview includes the business models and growth options pursued by social entrepreneurs in different parts of the world, enriched by illustrations of leading examples of each model that highlight the strategic, resource and legal factors influencing their choice of model and growth plan.
- **The growing trend in business models that prioritize social goals but apply market-oriented approaches.** Social entrepreneurial ventures are often characterized as being “neither fish nor fowl”; they fall between philanthropy and commercial entities. Recognizing this new breed of organization, some governments are

scrambling to put in place the legal and fiscal architecture that supports these new ventures' ability to capture the types of investment needed if they are to grow and live up to their promise. What are these new structures, and what are the implications for the future?

Leading social entrepreneurs and others in the supporting ecosystem working nationally and internationally will participate in the course, sharing insights and experiences on the issues examined. The course will draw upon lectures, case studies (live and documented), and group work.

Session 1 — *Choosing the Right Business Model to suit your mission* - Guest Speakers: **Kyle Zimmer**, Founder and CEO, First Book and **Sara Horowitz**, Founder and CEO, Freelancer's Union and Working Today

Session 2 - *Implementing a Vision: An Entrepreneur's Journey* – Guest Speaker: **David Poritz**, Founder and CEO, Equitable Origin

Session 3 - *Planning for sensible expansion* – Guest Speaker: **Linda Rottenberg**, Co-Founder and CEO, Endeavor

Session 4 - *Rethinking Investment* – Guest Speaker: **Audrey Choi**, Head, Global Sustainable Finance, Morgan Stanley

Session 5 – *Cracking the Code on what works- and what doesn't - when the Code is in an unfamiliar context*- Guest Speaker: **Scott Overdyke**, Senior Program & Planning Manager. Root Capital

Session 6 — *Rethinking the Role of Business in Society*. Guest Speaker: **Andrew Kassoy**, Co-founder, B-Lab

COURSE OBJECTIVES

1. To gain an understanding of how the practice of social entrepreneurship is distinct from other actors in the economic and social system
2. To learn about the diverse business models social entrepreneurs use to advance their objectives and how this is based on the context in which they are developing their work.
3. To highlight the key role that « intrapreneurs » play in advancing economic, social and environmental transformation from within established institutions in the corporate and public sectors
4. To learn about how social entrepreneurs work with mainstream commercial companies and/or the public sector to advance innovative and proven approaches that transform existing but unsatisfactory systems and practices
5. To give students an opportunity to work on a topic of his/her choosing with a group of peers and learn how different ventures are combining innovation, opportunity and resourcefulness to address a critical challenge.

ASSIGNMENTS AND METHOD OF EVALUATION

<i>Type</i>	<i>Designation</i>	<i>Discussion of concepts</i>	<i>Preparation of submission</i>	<i>Grade</i>
A	group / group	Permitted with designated group*	By the group	Same grade for each member of the group
B	group / individual	Permitted	Individually (No sharing of any portion of the submission)	Individual

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Individual class participation	10%
Individual writing assignment (type B)	70%
Group Assignment (type A)	30%

As depicted above, students will be evaluated based on attendance and individual class participation (10%), one individual writing assignment (70% of grade and **due Friday, October 3th**), and one group assignment (20% of grade) to be presented on the **final day of class, September 19th**. Guidelines will be circulated in class on the first day of class.

Assignment 1: Due September 19th, in class presentations by groups

Designation: Group - Type A

Discussion of Concepts: Permitted with designated group

Preparation of Submission: By the group

Grade: Same grade for each member of the group

Nature of Assignment 1: Requires each student to select from a group of critical challenges we face currently, and those students selecting the same challenge will form a group. The task is to review ventures that are considered to be “best in breed” (based on a preliminary list provided by the instructor), and after careful review of each venture, select the top 2 or 3 ventures that the group believes meet the following criteria:

- a. potential for massive impact because the model can be SCALED
- b. innovative, systems-changing approach
- c. financially sustainable model (independent of whether it is structured as a for-profit or non-profit)

On the last day of class, each team will present their top 2-3 ventures to the rest of the class that will act as “investors” and rank the presentations based on the criteria provided. Each member of the group will receive the same grade – and

each member of the team must contribute to the group presentation in class. Time will be allotted in each class session for teams to meet.

Assignment 2: Due October 3rd Send to instructor via email at gmail address- Pamela.hartigan@gmail.com

Designation: Group/Individual – Type B

Discussion of Concepts: Permitted

Preparation of Submission: Individually – NO sharing of any portion of the submission

Grade: Individual

Nature of Assignment 2: The assignment due **October 3rd** (70%) will be a 2,000 word comparative critique of 2-3 of the readings assigned for the class and drawing upon insights shared by at least two of the guest speakers.

The critique should begin with a brief overview of each of the articles to be compared and contrasted. The overview section should not be more than 650 words in length and should comprise a summary of the main points of each reading. The majority of the paper should contain 1) a clear articulation of the key points where the student agrees or disagrees with each author, 2) how each author's position complements or contrasts with the other(s) selected for the critique, 3) how the guest speakers included in the critique reinforce (or not) the student's and each critiqued author's point of view. Students can draw on their own experience to underpin their viewpoint.

CLASSROOM NORMS AND EXPECTATIONS

Students are expected to attend all six classes for the 3.5 hour sessions each time. Leaving during the class must be justified to the satisfaction of the instructor.

Use of cell phones or other devices are strictly prohibited and use of laptops and iPads will be permitted ONLY during group work time.

Students are expected to have eaten before they come to class, and eating in the classroom is not allowed.

COURSE SESSIONS

Tuesday, September 2 - URIS 307

Session 1: Introduction/Overview – Theme: *Choosing the right business model to suit your mission*

PLEASE NOTE: These readings are due BEFORE the first class meets on Tuesday, September 2nd

Questions for class discussion (be prepared to discuss these in class):

1. Based on the reading of Santos' article, how would YOU define social entrepreneurship?
2. Santos makes the distinction between value appropriation and value creation, the former being the priority of commercial ventures and the latter prioritized by social ventures. He believes ventures cannot prioritize both. What is your opinion?
3. Vindova et al argue that definitions of entrepreneurship too narrowly focus on value creation via new ventures – whereas the notion of “entrepreneurship” encourages the consideration of a broad set of actions intended not only to create wealth but also to bring about new states in economic, social, institutional and cultural environments. Thus, one can be entrepreneurship wherever one's career path you. Do you agree with that view? Why or why not?
4. After reading the articles on First Book and the Freelancer's Union, what questions would you pose to Kyle Zimmer and Sara Horowitz, respectively, when they come to class during this session?

Required Reading:

- Filipe Santos. *A Positive Theory of Social Entrepreneurship*. INSEAD. Working Paper, 2009-11-07
- V. Rindova, D. Barry and D. Ketchen, Jr. *Entrepreneurship as Emancipation*. Academy of Management Review 2009, Vol 34, No. 3, 477-491
- *Stories for All: A Great Idea* by Vicky Smith in Kirkus, March 22, 2013
- *Getting Kids' Books where they're most needed*. Carol Hymowitz, Bloomberg Businessweek, March 20, 2014
- *Value Added: Nonprofit First Book Steals a Page from the Business World*. Thomas Heath, The Washington Post, April 14, 2013
- http://www.nytimes.com/2013/03/24/business/freelancers-union-tackles-concerns-of-independent-workers.html?pagewanted=all&_r=0
- <http://www.businessweek.com/articles/2014-06-24/freelancers-union-wants-to-be-your-hr-department>
- <http://www.fastcompany.com/3002367/sara-horowitz-labors-renaissance-woman>

Guest Speakers:

Kyle Zimmer co-founded First Book, one of the most successful “cause marketing” ventures in the country tackling market failure that has direct and negative impact on children from low income homes. Kyle will discuss how she has engaged her stakeholders around the country to buy into First Book's mission, and how she continues to secure the commitment of an ever wider group of communities in different countries where First Book is amplifying its work.

Sara Horowitz, Founder and CEO, Freelancers' Union and Working Today. Sara has introduced a new form of portable unionism to promote the interests of the growing number of independent workers in the USA. The impact of her ventures has been such that she has influenced New York State policy and is looking to expand the model across the US. She will discuss the evolution of her funding model and the governance structure of her organization, with an emphasis on stakeholder groups.

Friday, September 5 - URIS 307

Session 2: Theme – *Implementing a Vision: An Entrepreneur's Journey*

Questions for class discussion (be prepared to discuss these in class):

1. Where do good ideas come from?
2. Should you share your “great new idea” with others, and if so, when?
3. How do you create an atmosphere of innovation?
4. What are the three main functions of eco-labels, according to the article by SustainAbility?
5. What are the main benefits of eco-labels and what are their main drawbacks?
6. What are some of the potential problems with eco-labels and their credibility along the value chain? What are some of the solutions to these problems?

Required Reading:

- Johansson, Frans. *The Medici Effect: What Elephants and Epidemics can teach us about Innovation*. Boston: Harvard Business School Press, 2006. ISBN: 9781591391869.
 - <http://grist.org/people/is-a-greener-oil-industry-possible-david-poritz-thinks-so/>
 - Signed, Sealed... Delivered? Eco-labels, Trust and Behavior Change across the Value Chain – Phase 1 White Paper, London, SustainAbility
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Recommended Reading:

- The ISEAL 100: A Survey of Thought Leader Views on Sustainability Standards 2010
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Guest Speaker: **David Poritz** gained extensive knowledge of industry practices while living with indigenous communities and through engaging NGOs and oil and gas companies throughout Latin America for over a decade, David has developed a keen awareness and a deep intuition for the fundamental shift that is taking place in business to respond to the increasing importance of social and environmental challenges. As Equitable Origin's founder and President, David is the custodian of its vision and chief advocate for its social purpose. He is responsible for leading outreach and engagement of our global communities and for securing Equitable Origin's credibility and ensuring our promises for a stakeholder-based system are kept.

David graduated Phi Beta Kappa and magna cum laude from Brown University and holds a Masters degree in Public Policy in Latin America from Oxford University where he studied as a Rhodes Scholar. He is also a Henry David Thoreau Scholar and a Harry S. Truman Scholar.

Tuesday, September 9- URIS 307

Session 3: Theme – *Planning for Sensible Expansion*

Questions for class discussion (be prepared to discuss these in class):

- 1. For most business leaders, a single goal defines success: market dominance. Thus, growing as big as possible so as to reap as much market share as possible is the modus operandi for the commercial sector. Is this an appropriate model to follow for social entrepreneurial ventures? Why or why not?**
- 2. Endeavor, founded by Linda Rottenberg, has grown to be a highly successful venture. However, many in the countries where it operates accuse it of being elitist and only selecting the “sure winners” rather than more early stage ventures. What do you think? Is Endeavor elitist, and if so, is this strategy an appropriate one given the markets it is operating in?**
- 3. What question would you like to pose to Linda when she comes to class?**

Required Reading:

- “From Enterprise to Ecosystem: Rebooting the Scale Debate”. P. Hartigan, J. Elkington and A. Litovsky in P. Bloom (ed.) *Re-examining Scale in Social Ventures*, Palgrave Macmillan, in press. Stanford Graduate School of Business Case Study on Endeavor (Feb. 2008)
- http://share.endeavor.org/pdf/2013_Endeavor_IR.pdf
- Strategy + Business article <http://bit.ly/HBJpdu>

Guest Speaker: Linda Rottenberg, Co-Founder and CEO of Endeavor. Linda was told by others that her vision for Endeavor was crazy and that her strategy would never work, But she relentlessly pursued her mission to stimulate and grow for-profit businesses in emerging markets – starting in Chile and moving to Argentina, Uruguay, Brazil, Mexico, Colombia, South Africa, Turkey, India, Jordan and Egypt - Today, Endeavor Global in New York and its 9 offices do all they do with 6.8 million dollars a year. Considering that by 2010 Endeavor Entrepreneurs had generated 3.15 billion dollars in revenues in their respective countries, Endeavor punches way above its weight.

Friday, September 12th – URIS 307

Session 4: Theme – *Rethinking Investment*

Questions for class discussion (be prepared to discuss these in class):

- 1. In reading through the *Closing the Pioneer Gap* article in SSIR, are impact investors more risk averse than venture capitalists? If so, why?**

2. Echoing Green’s report on Funding Social Enterprises includes some interesting advice and perspectives from the entrepreneurs and their funders. Which of those did you find the most useful?

2. Reading through the World Economic Forum’s 2013 report on impact investing, what are the most important challenges that it identifies to move more mainstream capital to support high impact ventures? What mix of policy and practice do you think will be needed to mobilize more funding to these ventures?

3. What question would you like to pose to Audrey Choi when she comes in to this session?

Required Reading:

- http://www3.weforum.org/docs/WEF_II_FromMarginsMainstream_Report_2013.pdf
- http://www.ssireview.org/articles/entry/closing_the_pioneer_gap
- [Funding Social Enterprises](#). Echoing Green, 2014

Guest Speaker: Audrey Choi is Head of Global Sustainable Finance at Morgan Stanley. The Global Sustainable Finance group harnesses the power and discipline of the capital markets to expand economic opportunity, promote community development, advance impact investing and enhance environmental sustainability. Previously, Choi served in the Clinton administration in senior policy positions at the White House, Commerce Department and the Federal Communications Commission. In the White House, she was chief of staff of the Council of Economic Advisers, and domestic policy advisor to the vice president. Prior to her government service, she was a bureau chief and foreign correspondent for The Wall Street Journal. Choi serves on the boards of the Local Initiatives Support Corp., The Wildlife Conservation Society, StoryCorps, Living Cities, and the Morgan Stanley Foundation. She also serves on the National Leadership Council of Communities In Schools. She is a graduate of Harvard College and Harvard Business School. Discussion of the readings and work on ventures.

Tuesday, September 16th – URIS 307

Session 5 — Theme: *Cracking the Code on what works- and what doesn’t - when the Code is in an unfamiliar context*

Questions for class discussion (be prepared to discuss these in class):

1. Reflect on your own experience working in different cultural contexts, and how your own biases and expectations had to be “relearned” to be effective.

2. Both Melching and Bowen were expats working in completely different context to their own. What were the key factors that enabled them to overcome the barriers inherent in charting a new path in a new and unfamiliar situation?

3. Reading through the Root Capital case study, what questions do you have for Scott Overdyke?

Required Reading:

Choose ONE of the following 2 books:

Aimee Malloy. However Long the Night: Molly Melching's Journey to Help Millions of African Women and Girls Triumph. New York: Harper One, 2013.

OR

Jenny Bowen. Wish You Happy Forever: What China's Orphans Taught Me About Moving Mountains. New York: Harper One, 2014

ALSO REQUIRED READING:

Harvard Business School Case study on Root Capital, August 2011

Richard Pasquale, Jerry Sternin and Monique Sternin. The Power of Positive Deviance: How Unlikely Innovators solve the World's Toughest Problems. Harvard Business Press, 2010. **SELECTED CHAPTERS WILL BE DISTRIBUTED**

Guest Speaker: **Scott Overdyke** is Senior Planning and Program Manager at Root Capital. He is responsible for formulating annual, long-term departmental and organizational plans and developing and implementing reporting processes from department heads to the CEO, board and external stakeholders. Prior to Root Capital, Scott was a Strategy Consultant at FSG and worked in various roles with TechnoServe, the Overseas Private Investment Corporation (OPIC), Razoo.com, and the Peace Corps. Scott holds a BS in Economics and Political Science from Vanderbilt University, a MPA from the Harvard Kennedy School, and a MBA from Columbia Business School.

Friday, September 19th – URIS 307

Session 6 — **Theme:** *Rethinking the role of Business in Society*

Questions for class discussion (be prepared to discuss these in class):

1. Based on the reading of the excerpt from Roger Martin's book, would we be better off if all businesses were required to be incorporated as B-Corporations?
2. When does it NOT make sense to set up a company as a B Corporation?
3. What question would you like to pose to Andrew Kassoy, one of the founders of B Lab that spearheaded the B Corporation?

Required Reading:

- Roger Martin. Fixing the Game: Bubbles, Crashes, and what Capitalism can Learn from the NFL. Harvard Business Review Press: May 2011. Selected chapters will be assigned

- Julie Battilana, Matthew Lee, John Walker and Cheryl Dorsey. *In Search of the Hybrid Ideal*. In Stanford Social Innovation Review. Summer 2012, pp. 51-55.

Guest Speaker: Andrew Kassoy, Co-Founder, B Lab – Before leaving the private sector to form B-Lab with two long-time friends, Jay Coen Gilbert and Bart Houlahan, Andrew spent 16 years in a private equity business, as a Partner at MSD Real Estate Capital, an affiliate of MSD Capital, the \$12 billion investment vehicle for Michael Dell; and before MSD, as a Managing Director in Crete Suisse First Boston’s Private Equity Department, a founding partner of DLJ Real Estate Capital Partners, and President of its international business. Andrew is dedicated to growing innovative for-profits and non-profits for social change. He was raised in Boulder, Colorado, and graduated with Distinction from Stanford University where he was a Truman Scholar and President’s Award winner. In 2001, he was named a Henry Crown Fellow by the Aspen Institute. In the past, he has been active in Colorado politics and as a Member of the Council on Foreign Relations.
