

# Social Entrepreneurship

## Course Description and Syllabus

**MGMT 426.101, Fall 2008, Terms 1 and 2**  
**Thursday, 1:30pm to 3:45pm, Sept 11 thru Dec 11, 2008.**  
**Connally Classroom (formerly Classroom B)**

**Professor: Catherine Clark**  
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## 1. Course Overview

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**Social Entrepreneurship** is about creating and leading organizations and companies that strive to advance social change through innovative solutions. Entrepreneurship is a high-risk endeavor in which 8 out of 10 new ventures are expected to fail. Yet, against these odds, social entrepreneurs are trying to accomplish some very long-term and ambitious goals: end inner-city poverty, improve public education, reduce global warming, and improve healthcare around the world, to name a few. How do successful social entrepreneurs achieve long-term, sustainable change and impact? And how do social investors pick the best of them to invest in and nurture?

**Broad Cross-Sectoral Context.** While the term “social entrepreneurship” has gathered much attention around the world from entrepreneurs, investors, philanthropists, foundations and consulting firms, it refers to a very diverse set of activities in different sectors with different goals. Social ventures range from for profit companies like Ben & Jerry’s, Stonyfield Farm, and Newmans’ Own, to nonprofits earning significant portions of their money through revenue-generating businesses, such as Juma Ventures, Working Today or the Doe Fund, to organizations like Teach for America or Citizen Schools, nonprofits using entrepreneurial tools to ramp up their impact. The common factor among the ventures we study is a commitment to advancing social change through entrepreneurship.

**Case Studies Cover Life-Cycle of Social Ventures.** Through case studies and exercises, students will explore the common strategies and pitfalls in creating stable, sustainable, and successful social ventures. The course follows ventures through their entire life cycle – from conception, through start-up to scaling and then exit – with an emphasis on how business considerations and financial instruments are critical to achieving social and financial goals. Throughout this process students will assume two primary roles: that of the social entrepreneur and

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that of the social investor. Students will also be challenged to think about their role as entrepreneur of their own careers. The course contains many ways for them to gain exposure to practitioners and focus their own interests. Students will screen social venture business plans for the [Global Social Venture Competition](#) and meet guest social entrepreneurs and investors as part of the cases. Students will also complete a team project in which they “shadow” a social entrepreneur over the term of the course.

**Essential Frameworks and Tool for Social Venturing.** This is an essential course for students aiming to build, work for, invest in, or consult to nonprofit or for-profit social ventures at any point in their career path. Simply put, if you want to change the world and came to business school to get the skills and network to do it, this course will equip you with frameworks and tools you need to understand and create real change.

The course includes six modules:

1. Creating Social Value
2. Early Implementation
3. Financing and Capital Structure
4. Assessing and Communicating Social Impact
5. Scaling Social Innovations
6. Exits and Career Path

## **2. Course Grading and Assignments**

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The course consists of lectures, case study discussions, in-class exercises and guest visits. Grading will be based on:

- a. **Individual Class Participation** (15%)
- b. Two individual **Case-Write-Ups** (40%; 20% each), one from each half of the class. The halfway point is October 16.
- c. Group **Shadow the Social Entrepreneur Project** (35%)
  - 10% Team Formation and Project Proposal due September 28
  - 5% Interim Report #1 due October 9
  - 5% Interim Report #2 due November 6
  - 5% Interim Report #3 due November 20
  - 10% Final Project Report due December 11
- d. One individual 2-page **GSVC BPlan Evaluation and Social Venture Rubric** (10%), due October 2

Other assignments that are part of the course but will not count as part of the final grade are:

- e. **Online Student Surveys**, to be filled out at the beginning and at the end of the course, due midnight on Sept 10 and November 30, respectively.

Pre-course survey:

[http://www.surveymonkey.com/s.aspx?sm=ZSz6Ta3RaDjgZsNV0L4Lag\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=ZSz6Ta3RaDjgZsNV0L4Lag_3d_3d)

End Course Survey:

[http://www.surveymonkey.com/s.aspx?sm=2OVYUFoGD7nwBdOKspXy8g\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=2OVYUFoGD7nwBdOKspXy8g_3d_3d)

f. **In-class exercise.** We will give assignments for coursework to be done for an in-class exercise. Since not everyone will have the same work or role, they will not be graded. The in-class exercise will take place on 10/30.

### 3. Summary of Due Dates for Course, Terms 1 and 2

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- 9/10 **Online Student Survey:** Fill out initial student survey (link is above)
- 9/25 **Shadow the Social Entrepreneur Project:** Team Formation and Project Proposal due
- 10/2 **GSVC:** Business Plan Evaluation and Social Venture Rubric due
- 10/9 **Shadow the Social Entrepreneur Project:** Interim Report #1 Due
- 10/16 **Case Write-ups:** You should have one case write-up done and turned in for the first half of the course. The cases of this class are the last ones in the first half.
- 10/30 **In-class Exercise:** Prepare for in-class Social Investing Exercise (assignments given by 10/9)
- 11/6 **Shadow the Social Entrepreneur Project:** Interim Report #2 Due
- 11/20 **Shadow the Social Entrepreneur Project:** Interim Report #3 Due
- 11/30 **Online Student Survey:** Fill out final student survey (link is above)
- 12/11 **Shadow the Social Entrepreneur Project:** Final Report due
- Case Write-ups:** You should have one case write-up done and turned in for the second half of the course. The cases of this class are the last in the second half.

### 4. Course Assignments

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More information on course assignments follows.

#### a. **Class Participation**

Attendance in every class is required, and unexcused absences will reduce your class participation grade. If you need to be excused for a good reason (illness, family emergency, etc.) please email the professor, and cc: Julia, before class to get permission. Emailing after class is not recommended.

As many of your professors likely tell you, quality matters more than quantity when it comes to class participation. That said, it is also important that every student have a chance to share ideas and raise questions. This class is mostly based on case discussion and working together to come to consensus about many issues where there may be no single right answer. You will learn more if you participate, and your peers will learn more as well from diverse points of view. Your responsibilities are to come to class prepared and with notes in front of you with your answers to case questions and your thoughts as to how the readings and cases relate. Remember, frameworks in the course are cumulative, so a previous framework may be applied to a current

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case. You should also be respectful of your peers. My job is to move the discussion along, and to try to maximize participation across the group. I will grade your participation based on your speaking regularly with concise and insightful comments and questions that help move the discussion along. In addition, I will cold call at times, so be prepared.

### b. Case Write-Ups

Students must also write up 2 cases during the course of the semester. The write-ups should not be longer than 3 pages. They should concisely answer the case questions that are part of the syllabus and should include a one-page Social Venture Rubric Analysis, with ratings and a minimum of two to three bullets for evidence under each rating. Students can select any two cases throughout the semester, as long as they do one from Group A and one from Group B. **For a case-write-up to be counted for a grade, it must be turned in to the professor on paper and in-person BEFORE class starts in which that case will be discussed.** In addition, if students would like to do three case-write-ups, I'm happy to select the top two grades out of three. If you write up a case, please be sure to volunteer during the discussion of that case to share your insights.

Case groups:

Group A:  
Northeast Ventures  
New Profit, Inc.  
Acumen Fund

Group B:  
Asian Neighborhood Design  
Jumpstart  
B Lab  
CityYear  
Aravind Eye Care, A and B  
Doe Fund  
Stonyfield Farms / Ben and Jerry's (you must write up both cases and compare them.)

### c. Social Venture Design Project

Your project for the course is to shadow an existing social entrepreneur. Full details on this assignment are available in a separate document, called "SE Project 2008."

### d. GSVC Business Plan Evaluation

Students in the course will be required to evaluate and complete a Social Venture Rubric analysis for a plan originally submitted to the [Global Social Venture Competition](#).

We will divide the class into 2 parts and compare 2 plans (last name A-M is group 1, last name N-Z is group 2).

Your assignment is to read your assigned plan, prepare a rubric analysis and complete the assigned questions for submission by October 2. Your b-plan evaluation and rubric should be 3-5 pages total.

## 5. Course At A Glance

### Module 1: Creating Social Value

	Theme	Case, <a href="#">Exercise</a> or <a href="#">Guest</a>	Due
9/11	1A	What Makes a Successful Social Entrepreneur?	Grameen Bank
	1B	Intro to SE: Creating Social Change	<a href="#">Shadow the Social Entrepreneur Project Discussion</a>
9/18	2A	Identifying Social Change Theories	Teach for America
	2B	Crash Course in Social Impact Assessment	Windows of Opportunity and G SVC Assignment

### Module 2: Early Implementation

9/28	3A	What are you Building: Forprofit, Nonprofit or Hybrid?	Freeplay Energy and Freeplay Foundation	Project: Team Formation and Project Proposal Submission
	3B	Future Implications of Early Legal Choices	Approtec Kenya (KickStart)	
10/2	4A	Friction Points in New Ventures: Using the Social Venture Rubric	RecycleBank	GSVC: B Plan and Rubric Assignment
	4B	Friction Points in New Ventures: Building the Right Model	GSVC Plan and Social Venture Rubric Evaluation	

### Module 3: Financing and Capital Structure

10/9	5A	Innovative Funding Vehicles: DBL VC and Social Capital Spectrum	Northeast Ventures	Project: Interim Report #1
	5B	Innovative Funding Vehicles: from Community to Clean Tech	<a href="#">SJF Ventures: Bonny Moellenbrock</a>	
10/16	6A	Innovative Funding Vehicles: Engaged Philanthropy	New Profit Inc.	SVR Case #1: By this date, you should have submitted a case write-up for first half of course.
	6B	Innovative Funding Vehicles: Global Philanthropy	<a href="#">Acumen Fund: Adrien Couton</a>	
<b>FALL BREAK – week of 10/23</b>				
10/30	7	Social Venture Financing: Making Concrete Choices	<a href="#">Social Venture Investing Exercise</a>	Social Venture Investing Exercise Preparation

### Module 4: Assessing and Communicating Social Impact

11/6	8A	Current SIA Practice: Forprofit Markets	<a href="#">B-Lab: Bart Houlahan</a>	Project: Interim Report #2
	8B	Mid-term review		
11/13	9A	Classic Social Return on Investment Theory	Asian Neighborhood Design	
	9B	Current SIA Practice: Nonprofit Markets	Jumpstart	

### Module 5: Scaling Social Innovations

11/20	10A	Geographic Scaling	CityYear	Project: Interim Report #3
	10B	Bottom of the Pyramid Scaling	Aravind Eye Care	
<b>THANKSGIVING BREAK – week of 11/27</b>				
12/4	11A	Capital Structure & Scaling I	Identify the Nonprofit Exercise	Online Survey #2 Due 11/30
	11B	Capital Structure & Scaling II	Doe Fund: Joanna West	

### Module 6: Exits and Career Paths

12/11	12A	Exiting to Public Markets	Ben & Jerry's/ Stonyfield Farm	SVR Case #2: By this date, you should have submitted a case write-up for second half of course. Project: Final Report
	12B	Wrap-Up: SEs and MBAs	Review of student Shadowing Projects	

## 6. Course Sessions: Readings and Discussion Questions

### MODULE I: Creating Social Value Through Entrepreneurship

#### About Module I:

Module one covers first two sessions of the course. It's short but we'll be touching on many of the major issues of the course that we'll cover later in much more detail.

- How do you create change through entrepreneurship?
- What does it mean to align social and financial value creation?
- How do we evaluate an org.'s theories of change?
- How convincing a case can an org. make for the social return or impact it will produce?

By the end of this module you'll have assessed the model and impact of two large and major social enterprises, an international microfinance enterprise and a national education organization. You'll know how to assess theories of change and will be prepared to screen social return arguments made for the Global Social Venture Competition.

#### Class 1

Thursday – September 11, 2008

#### Session 1A: 1:30- 2:30pm

#### What Makes a Successful Social Entrepreneur?

The first two class sessions will focus on success and failure in social entrepreneurship. This first session asks: How did Mohammed Yunus, founder of Grameen Bank, create both a successful social venture and the field of microfinance, now impacting millions of people around the world? What pitfalls did he avoid?

**PRIOR TO THE FIRST CLASS, you need to do two things:**

**1) Please pick up your pre-term assignment pack, either at the BMO or by accessing it on the course website. Come prepared to talk about the reading questions for Session 1 in detail. Skim the Bornstein piece first and then read the case quite carefully. Think of the first reading as narrative background to help paint the context of Grameen's beginning.**

**2) By Midnight on September 10, you need to have filled out the Pre-Course Student Survey, online at: <http://www.surveymonkey.com/s.aspx?sm=wDFdDD47xgXaMJgNLRxPmw%3d%3d> . This includes information on you and also asks you to describe a brief idea for a social venture that you find compelling that we'll be sharing on the first day of class.**

Reading: The Price of a Dream, Bornstein, pp. 13-41, Prologue, Introduction, and some of Part One

Case: Bangladesh Grameen Bank: Pioneer in Microfinance

Reading Questions:

1. Did Muhammed Yunus see his entrepreneurial opportunity clearly at the outset? Why or why not? What qualities do you think best served him in this beginning phase?

Case Questions:

1. What is the business model behind the Grameen bank – how does the venture make money?
2. What is the social model behind the Grameen bank – how does the venture create social value?
3. In what ways is Grameen different from other lending institutions? Which of these differences are critical to its success? Which of them hinder it?
4. Is Grameen's success replicable? Why or why not?
5. Is Grameen's impact large enough to be significant? Why or why not?

### **Session 1B: 2:45- 3:45pm** **Intro to SE: Creating Social Change**

Why have many other efforts which may have seemed just as pioneering as Grameen failed? What has changed in the field in the last 25 years? Which rules of business are at play in creating social change? Which rules are misleading? We'll look at several other examples and draw out attributes essential to creating real change through entrepreneurial ventures.

We'll also spend some time in this session sharing your Social Venture Thumbnails, and discussing the syllabus and group assignments.

Readings:

"The Meaning of Social Entrepreneurship," Dees, October 31, 1998.

"The Social Enterprise Spectrum: Philanthropy to Commerce," Dees, HBS paper 9-396-343.

"Can Business Still Save the World?" Singer, *Inc.com*.

Optional Reading: Online Video

Go to [www.bcorporation.net](http://www.bcorporation.net) and click on B Corporation Video on lower right corner.

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**Class 2:**

Thursday - September 18, 2008

**Session 2A 1:30-2:30pm**

**Identifying Social Change Theories**

This session is about how to identify and assess the strength of a venture's theories of social value creation from the perspective of the entrepreneurial team.

Case: Teach for America (HBS 9-300-084)

Readings:

The Citizen Sector: Becoming as Entrepreneurial and Competitive as Business," William Drayton, 2002.

Places to Intervene in a System, D. Meadows, 1997.

Optional reading : Oster, "Structural Analysis of a Nonprofit Industry," pp.29-42, from *Strategic Management for Nonprofit Organizations: Theory and Cases* (Oxford, 1995)

Case Questions:

1. What is TFA's mission and to whom is it important?
2. What is the leverage point that Wendy identified? Is it unique or compelling? Is TFA's work affecting a system, a cause or a symptom?
3. What are the largest assumptions TFA makes about its impact?
4. What is TFA's business model? Is it well aligned with its mission?
5. Are there any likely political risks in this market? Are there potential competitors/partners?
6. Is TFA an effective organization? Why or why not?
7. Where does TFA fall in Donatella Meadows's list of 10 places to intervene?
8. What are TFA's greatest areas for improvement in terms of making systemic change happen in public education?

Reading Questions:

9. Drayton, on p. 123 of his article, believes social entrepreneurs agitate systems with big-wave pattern changes that then multiply through years of follow-on changes (he calls it a "tsunami" view of social change). Do you agree with this view of how change happens in the social sector? Does it happen the same way in the business sector or not?
10. Do all entrepreneurs need to have a "powerful, new, system change idea" to be considered social entrepreneurs?

**Session 2B: 2:45- 3:45pm**

**Crash Course in Social Impact Assessment**

Now you get to play investor. This session is the first of two on social impact assessment or SIA. The goal is to give you enough background so that you can participate in screening plans for the Global Social Venture Competition, as well as understand basic concepts of SIA. We'll review the Logic Model/ Impact Value Chain and Theories of Change analysis, and students will apply these tools to a social venture in an in-class exercise. Class 11 will cover a more in-depth exploration and application of several other assessment methods, including SROI.

Readings:

GSVC Social Impact Assessment Guides 1-3



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Readings for Later: GSVC Business Plans: You do not need to have read these for this class, but this is when the assignment will be explained. Your GSVC assignment is due on 10/2.

Last name: A-L: Read and write up the FeBe B-Plan

Last name: M-Z: Read and write up the Mobile Medics B-Plan

## MODULE II: Early Implementation

### About Module II:

So you have an idea, you're convinced you have a strong social change theory and a business case for how it will be a double win. Now what?

Who are you – how do you become an organization and what kind?

Are you ready? – what do you do first and next and so on

How do you build relationships to get off the ground?

How do you collect resources to prove your model?

What is the entrepreneurial dance and how do you master it?

By the end of this 4-session module you'll have a clear checklist of issues involved in legal choices for your venture, you'll have had an introduction to a toolkit called the Social Venture Rubric, and you'll have explored several examples of success and failures of nonprofit and for-profit ventures in these early stages of development.

### Class 3

Thursday – September 25, 2008

#### Session 3A and 3B 1:30-3:45pm

#### What are you Building: Forprofit, Nonprofit or Hybrid?

Before a new venture earns its first dollar, the entrepreneur must consider who owns the venture and who will reap the benefits it produces. As you might guess from the cases and examples we'll have looked at by this point, many of the preconceptions people have about what a nonprofit venture can do and what forprofit venture can do are just plain wrong. And many of the most successful social enterprises are hybrids between forms, either legally, or in practice.

This session is about how to decide which legal form is best for your social venture. We'll consider the advantages and disadvantages of alternative legal structures, comparing issues of tax treatments, ownership, profits, branding, legal liability, and strategic flexibility and constraints over the venture's lifespan.

To make this potentially dry topic more real, we'll spend the bulk of the class comparing two ventures that were created to perform similar activities but chose very different structures at the outset. While they both distribute self-sufficient energy products in the developing world, the Freeplay Energy Group does so through a conventional corporation plus foundation separated structure while Approtec Kenya, recently renamed KickStart, does the same range of activities through one earned income nonprofit. After this discussion, we'll close with some take-away checklists to consider when deciding on a legal form for a social venture.

To prepare for this session, please read the Dees reading, skim both cases and consider your answers to the case questions.

Cases:

The Freeplay Energy Group and Foundation (IESE)  
Approtec Kenya, HBS, 9-503-007

Readings:

"Blurring Sector Boundaries: Serving Social Purposes Through For-Profit Structures," CASE Working Paper Series No. 2, Dees and Anderson, 2002.

"Compare Characteristics of Basic Business Entities from the Point of View of a Social Entrepreneur," Bromberger.

Optional Reading:

The Questions Every Entrepreneur Must Answer, Bhide, 1996. HBR OnPoint 1027

Freeplay Case Questions:

1. Describe the business models of the Freeplay Energy Group (FEG) and the Freeplay Foundation (FF). What is the nature of the relationship between them and is it successful?
2. What have been the most important changes in the business models of each entity over time?
3. How should FEG raise the money it needs for new produce launch and development?
4. How should the FF manage its relationship with FEG in the future?

Approtec Case Questions:

5. Describe the business and social models of the Approtec Kenya. How are they different from Freeplay's structure?
6. What challenges has or will Approtec face as a single entity? What advantages will it have?
7. What lessons do you draw about when to separate legally business and social functions?

**Class 4:**

Thursday – October 2, 2008

**Session 4A 1:30-2:30pm**

**Friction Points in New Ventures: Using the Social Venture Rubric**

Sessions 4A and 4B are an introduction to several real-life examples of social venture start-ups. The start-up period is always the most exciting for the entrepreneur. And it is the riskiest stage for the venture. Understanding its pitfalls is essential to getting good outcomes later, whether you're the entrepreneur or the investor. The goal of these sessions is to compare some lessons about forprofit and nonprofit start-ups and to teach you a new framework you can use to address the critical decisions that all SE ventures must make at this stage.

We'll start with RecycleBank, a forprofit social venture started by a Columbia alumnus, Ron Gonan. We'll look at Ron's first business plan (now several years old and very out of date!) and apply a new tool, the Social Venture Rubric, to help expose what needed the most attention. Then we'll talk about what RecycleBank actually did and why.

I've also included some reading on natural capitalism so we can talk a bit about the larger context for change for ventures addressing environmental sustainability.

Readings:

Recycle Bank: Business Plan for Lang Fund, 2004.

"A Road Map for Natural Capitalism," Lovins, Lovins, and Hawken, *Harvard Business Review*, May-June 1999, reprint 99309.

"Social Venture Rubric," Clark, Columbia Business School, RISE Project, 2003.

For your rubric preparation, rate each of the 10 areas in the rubric with a number from 1 (low) to 10 (high) and prepare two to three bullets under each area with the most important evidence for your rating. You do not need to turn in this first rubric exercise, but you'll get more out of it if you have prepared fully for the discussion with detailed written notes you can refer to and edit during class. You'll also be preparing rubric analyses as part of your case write-ups, so now is a good time to make a template you can use again. I generally like 1 or 2 page grids that make it easy to skim your evidence, and compare your ratings.

**Session 4B 2:45- 3:45pm**  
**Friction Points in New Ventures: Building the Right Model**

In this session we'll review and discuss your analyses and Social Venture Rubrics for the Global Social Venture Competition plans, Mobile Medics and FeBe.

Business Plans:  
Mobile Medics  
FeBe

Readings:  
"Developing Viable Earned Income Strategies," Anderson and Dees, in *Strategic Tools for Social Entrepreneurs*, Dees, Emerson, Economy, pp.191-234.

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## MODULE III: Financing and Capital Structure

### About Module III:

Different investors have very different goals around financial and social performance. They have constituents whose goals differ too – and the entrepreneur and other investors must understand them. In this module, we'll be exploring the range of types of financial institutions and their strengths and weaknesses at being partners for social ventures. This is the largest module in the course in terms of class sessions – we'll be spending 6 total. First, because the right kinds of financing relationships and structures can propel social entrepreneurs forward incredibly effectively. And because poor relationships can stop them in the water. And second, because of huge potential of financial innovation to impact the field at large.

By the end of this module, you should:

- Understand what drives social capital markets
- Be able to analyze alignment between investor, funder and entrepreneur goals
- Recognize the need and potentials of new innovative funding models in SE space
- Understand enough about capital structure to make smart choices about financing and growth

We'll be wrapping up the module with an investment exercise that puts you in the role of investor and supplicant, looking for a good match.

### Class 5

Thursday – October 9, 2008

#### Session 5A 1:30-2:30pm

#### Innovative Funding Vehicles: DBL VC and Social Capital Spectrum

Within the larger universe of socially responsible investing (in which some estimate one out of every six dollars invested globally is put into some sort of socially screened investment vehicle), a new class of early-stage funds has arisen that is focused on investing in “double bottom line” returns. In this session we'll review research done to date on these funds, most of which are organized as forprofit venture capital funds, and will look to Northeast Ventures, for a great in-depth study of a first generation DBL fund. We'll aim to identify the challenges and potentials created by this new family of investment vehicles focused on building the next wave of forprofit social entrepreneurs.

Readings:

- 1- RISE Capital Market Report, Clark and Gaillard, 2003, pp. 3-11, 15, 17, 20, 29, 32-34. also on web at [http://www.riseproject.org/uzrise\\_capmkt\\_rpt\\_03.pdf](http://www.riseproject.org/uzrise_capmkt_rpt_03.pdf).
- 2- RISE For-Profit Social Entrepreneur Report Clark and Ucak, 2006, p. 6-7, 27, also on web at <http://www.riseproject.org/rise-sep-report.pdf>.

Case: Northeast Ventures HBS 2-296-093

Optional Reading:

“How Venture Capital Works,” Zider.

Case Questions:

1. How does Northeast Ventures compare to a plain vanilla venture capital firm? What is similar and what is different?
2. What are the most likely obstacles to NV achieving its financial return hurdles? How would you evaluate its social and financial performance to date? What recommendations do you have for improvement?

3. Would you invest your money into a CDVC fund? Some of it? Why or why not? Would you accept investment capital from NV? Why or why not? What if you were a bank or a pension fund?

**Session 5B: 2:45- 3:45pm**

**Innovative Funding Vehicles: from Community to Clean Tech**

In this session, we'll explore a newer generation DBL fund, SJF Ventures, based in Durham and NYC. Our guest from SJF Ventures will update us on the more current challenges of successful venture funding and impact assessment. SJF is particularly interesting for two reasons. First, it began as an off-shoot of community development VC funds (their original name was Sustainable Jobs Fund) and has evolved into a broader focus that includes clean tech. Second, they have been dedicated to accelerating and reporting on social impact from the beginning and have a separate nonprofit arm to carry out this part of their work. We'll be exploring both the fund and its sister nonprofit.

**Guest:**

Bonny Moellenbrock, SJF Advisory Services Executive Director, <http://www.sjfund.com/?id=64>

**Online Readings:**

Website: <http://www.sjfund.com/>

SJF's FAQ: [http://www.sjfund.com/fileadmin/SJF\\_PDFs/SJF\\_FAQ\\_Small.pdf](http://www.sjfund.com/fileadmin/SJF_PDFs/SJF_FAQ_Small.pdf)

SJF's Theory of Change: [http://www.sjfund.com/fileadmin/Documents/SJF\\_Theory\\_of\\_Change\\_2007.pdf](http://www.sjfund.com/fileadmin/Documents/SJF_Theory_of_Change_2007.pdf)

SJF's Mission Impact Summary: <http://www.sjfund.com/index.php?id=18>

**Class 6**

Thursday – October 16, 2008

**Session 6A 1:30-2:30pm**

**Intro to Social Venture Capital Markets**

**Classic Venture Philanthropy**

This session will focus on the nonprofit capital market, its strengths and weaknesses, and the invention and practice of venture philanthropy as a potential solution.

Case: New Profit, Inc.

**Readings:**

“Sources of Financing for New Nonprofit Ventures,” Dolby and Dees. HBS 9-391-097

“Virtuous Capital: What Foundations Can Learn from Venture Capitalists,” Letts, Ryan and Grossman, *Harvard Business Review*, March-April, 1997

“If Pigs Had Wings,” *Foundation News and Commentary*. Sievers, Nov-Dec 1997.

**Optional Reading:**

“Philanthropy’s New Agenda: Creating Value.” Porter and Kramer, HBR, Nov-Dec 99, reprint 99610.

**Case Questions:**

1. In what ways is NPI different from other philanthropic sources of capital?
2. What are the biggest challenges facing NPI in being successful as a venture philanthropy?
3. Would you donate money to NPI instead of giving to groups you admire? Why or why not?
4. Would you enter into a grantee relationship with NPI, why or why not? What terms might you insist on?

**Session 6B: 2:45- 3:45pm**

**Current Innovations: Global Venture Philanthropy**

In this session we'll delve into a small but innovative venture philanthropy fund in NY aiming to create change on a global scale. Through a case-study of one of their investments, we'll explore the challenges of debt financing through a venture philanthropy form. Yasmina Zaidman, former head of the Acumen fund's Water Innovations Portfolio and currently Director of Portfolio Strategies, will join us to explore the challenges of using global venture philanthropy as a tool for high-growth investment in the developing world.

Case: Acumen Fund and WaterHealth International: The Role of Venture Philanthropy, Stanford SM-158. 04/07.

Guest: Adrien Couton, Water Portfolio Manager, Acumen Fund

Case Questions:

1. What are the unique attributes of Acumen's fund model? What are its key strengths and weaknesses?
2. Do a social venture rubric for Water Health International, based in the info you have in the case. What are the largest strengths and weaknesses of its business and social impact models?
3. If you were in Yasmina's shoes at the end of this case, how, if at all, would you recommend that Acumen participate in Water Health International's next round of funding and why? Think about implications for ultimate impact, the best way for Acumen to leverage its influence, as well as the impact your decision will have on Acumen's reporting on its success. Taking all these into account, do you have the same recommendation?
4. What lessons might you take from this case for venture philanthropy generally?

**Class 7**

Thursday – October 30, 2008

**Session 7A and 7B 1:30-3:45 pm**

**Social Venture Financing: Making Concrete Choices**

The goal of the Social Investment Exercise is to help students to identify key attributes that matter when pitching different kinds of funds for a social investment, in a fun, engaging exercise.

Students in the class will be broken into 2 groups to role-play the process of entrepreneurs pitching investors and investors evaluating pitches. Those playing the entrepreneurs read a plan or a case for a venture looking for investment. They get descriptions of three funds, and are asked to design and present a 4 page powerpoint funding pitch for each fund. In class, other students role-play the fund managers, listen to pitches, ask questions of the students playing entrepreneurs, select the best pitch and explain their reasons. The remaining students evaluate the process after the fact.

A full description of the Social Investment Exercise along with assignments and business plans will be emailed to students by 10/9/07.

In addition, one venture's info is in the casebook: ZipCar, HBS: 9-803-096

## MODULE IV: Assessing and Communicating Social Impact

### About Module IV:

Every social venture faces challenges in proving how it walks its talk on the social side. Social Impact Assessment (SIA) can be costly and time consuming and it's often not clear what information to share with which stakeholders. This module continues where we left off in Session 2B to provide deeper insight into how different ventures can convey social impact in convincing and effective ways to the right people at the right time.

By the end of this module, you'll have:

- Analyzed the original SROI model and critiqued its usefulness for different purposes
- Considered an innovative leverage point in the forprofit venture market, by meeting an entrepreneur building a new set of impact standards and ratings for forprofit social entrepreneurs.
- Explored several frameworks and toolkits for SIA

The goal of this module is that you'll emerge knowing enough about SIA to develop and assess the social performance of any nonprofit or forprofit venture. You'll have a good sense of what to spend time on at different stages of the organization's development, you'll understand where consultants and investors can be helpful in deepening the metrics, and you'll have a better sense of what different audiences need.

### Class 8

Thursday – November 6, 2007

#### Session 8A 1:30-2:30pm

#### Current SIA Practice: Forprofit Markets

In this session, we'll talk to the co-founder of a new nonprofit intermediary aiming to institutionalize a new type of corporation for social entrepreneurs running for profit ventures that are purpose-driven and create benefit for all stakeholders, not just shareholders. The effort involves trying to create standard social reporting practices for privately-held, for-profit social entrepreneurs. We'll review a summary of their business plan, explore their theory of change, and consider their potential for driving markets through impact and responsibility reporting.

1. Go to [www.bcorporation.net](http://www.bcorporation.net) . Click on Register to become a member on the left column in red. Enter a name and password, make up a company (make the company name in the form "DUKE: x" so Blab will know which are yours) and fill out a My B Profile and a My B survey for your company so you can get a sense of how it works. You will get different surveys depending on the # of employees you say you have, and the type of business you are (manufacturing has the most questions), so you need to fill that in on the profile page before you do the survey. Play around, kick the tires. You can pretend to be one of the companies we've studied, or make up your own. View your B Report at the end. Print it out and bring it to class.
2. I'll send additional info by email prior to class.

#### Guest:

Bart Houlahan, Co-Founder, Blab

#### Secondary Reading:

"RISE ForProfit Social Entrepreneur Report," p. 8-17, Clark and Ucak, 2006

Optional online readings for context in sustainability reporting for forprofit companies:

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CERES: <http://www.ceres.org/sustreporting/corporate.php>  
GRI: <http://www.globalreporting.org/Home>  
GRI summary of guidelines: [http://www.globalreporting.org/NR/rdonlyres/ED9E9B36-AB54-4DE1-BFF2-5F735235CA44/0/G3\\_GuidelinesENU.pdf](http://www.globalreporting.org/NR/rdonlyres/ED9E9B36-AB54-4DE1-BFF2-5F735235CA44/0/G3_GuidelinesENU.pdf)  
GRI's searchable database: <http://www.globalreporting.org/GRIReports/SearchTheDatabase/>

**Session 8B: 2:45- 3:45pm**

Mid-Term Review

**Class 9:**

Thursday – November 13, 2008

**Session 9A 1:30-2:30pm**

**Classic Social Return on Investment Theory**

How did the Roberts Enterprise Development fund develop Social Return on Investment? What does SROI do well, and what not so well? Exploring this case will deepen your understanding of the challenges of trying to monetize social impact as well as first-hand knowledge of where SROI concepts are revolutionary and where they fall short.

Primary Reading:

Case: Asian Neighborhood Design – read this carefully and consider case questions at the end of the case

Secondary Reading:

Rubicon Bakery and Ashbury Images SROI Reports, REDF – skim only, we'll review in class

Excerpts from "Double Bottom Line Project: Assessing Social Impact in Double Bottom Line Ventures." Draft 2005. – skim only

"A Framework for Approaches to SROI Analysis," Sara Olsen and Jeremy Nicholls, 2005, p. 7.

Optional Online Readings:

Double Bottom Line Project: Assessing Social Impact in Double Bottom Line Ventures: Methods Catalog, [http://www.riseproject.org/DBL\\_Methods\\_Catalog.pdf](http://www.riseproject.org/DBL_Methods_Catalog.pdf)

"A Report From the Good Ship SROI," C. Gair, REDF. <http://redf.org/download/sroi/goodshipsroi2.doc>

An Information OASIS, REDF.

<http://www.redf.org/download/other/oasis.pdf>

**Session 9B: 2:45- 3:45pm**

**Current SIA Practice: Nonprofit Markets**

Next we'll look at SIA from an entrepreneur's perspective, analyzing the performance metrics and balanced scorecard of nonprofit Jumpstart.

Case Questions:

1. How feasible is Jumpstart's growth plan? What would you recommend, if anything, to strengthen it?
2. What is your evaluation of JS's evaluation systems? Are they too complex? Will they help or hinder growth? What, if anything, would you do to improve them?
3. How credible are JS's metrics from a social science perspective? How feasible from an organizational perspective?
4. As a grantee of New Profit, JS uses a Balanced Scorecard. How well is the BSC integrated into the rest of their metrics? Would you recommend the Balanced Scorecard for other orgs or companies - if so, when and for which purposes?

Primary Reading:

Case: Jumpstart (HBS 9-301-037)

Secondary Reading:

"Mission Impossible? Measuring Success in Nonprofit Organizations," John C. Sawhill, David Williamson, *Nonprofit Management and Leadership*, 11(3), Spring 2001.

## MODULE V: Scaling Social Innovations

### About Module V:

Given social entrepreneurs' aspirations of effectiveness, impact and sustainability, one of the most important issues for both nonprofits and forprofit SVs is how they spread their innovation and the field's term of choice for it, "getting to scale." And yet, bigger is not always better. If done well, scaling can permit the venture to achieve impact in huge multiples. If done poorly, it can eat up resources and effectively limit the impact of the venture for a long time, or even cause the venture to fail entirely. This module introduces some fundamental choices SEs make in scaling their ventures.

By the end of this module, you'll have:

- Explored the main differences between growth and scaling in nonprofit and forprofit social ventures
- Applied a grid of scaling choices to several different ventures with different models for change and needs from their aspirations to scale, including:
  - A youth-focused civic education nonprofit wanting to go national quickly
  - A medical venture in India wanting to scale its impact efficiently inside a Bottom of the Pyramid market.

The goal of this module is to give you a working model of choices to consider in scaling a social innovation, and experience in applying them. Armed with this, you will be better able to analyze and develop plans for scaling any social venture in the future.

### Class 10:

Thursday – November 20, 2008

### Session 10A 1:30-2:30pm Geographic Scaling

In this session, we'll examine the challenges created by geographic expansion for an early-stage nonprofit venture and what strategies can be used successfully to overcome them.

Primary Readings:

Case: CityYear: National Expansion Strategy (A) Case

"Pathways to Social Impact: Strategies for Scaling Out Successful Social Innovations," Dees, Anderson and Wei-Skillern," CASE Working Paper Series, No. 3, 2002.

Optional Reading:

"Scaling Social Impact Project, Practitioner Survey Executive Summary," 5/8/06, Duke: CASE.

([http://www.fuqua.duke.edu/centers/case/documents/survey\\_executivesummary\\_scalingsocialimpact.pdf](http://www.fuqua.duke.edu/centers/case/documents/survey_executivesummary_scalingsocialimpact.pdf))

Case questions:

1. Describe CY's mission. How would you characterize CY's critical success factors in its first few years? Consider CY's mission, program, staffing, culture, outcomes, marketing, policy work, international structure, etc. Where in your opinion are its strengths and weaknesses and which might affect expansion?
2. Do you agree with Dees' placement of CityYear's expansion in the CASE paper's Matrix of Strategic Options for Scaling Out? Evaluate each of the "five R's" (starting on p. 8 of the reading) for CityYear's expansion plans.
3. Based on your answers above, make a strategic argument for how CityYear should respond to the expansion offers presented at the end of the case. Outline where, why and some of the ways in which they should approach expansion.

**Session 10B: 2:45- 3:45pm**

**Bottom of the Pyramid Scaling Strategies**

In this session, we'll explore a case involving scaling a forprofit venture within a developing country and we'll question and apply some of the Bottom of the Pyramid theory to understand scaling issues in the developing world.

Primary Reading:

Case: Aravind Eye Care A

Secondary Reading:

"The Fortune at the Bottom of the Pyramid, C.K. Prahalad, Stuart L. Hart, *Fortune Strategy and Business*, Issue 26.

Case Questions:

1. What key factors have led to Aravind's success? What BoP factors?
2. How do you evaluate the quality of service at the free hospital? At the paying hospital?
3. Are there any weaknesses at all in the Aravind model of delivering eye care?
4. How are the satellite hospitals at Tirunelveli and Theni doing? How are their eye camps doing?
5. How should Dr. V. expand the Aravind model to other parts of India, Asia and Africa?
6. What are the main lessons you take away from Aravind's experience with expansion? For what kinds of social ventures are these most relevant?

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**Class 11:**

Thursday – December 4, 2008

**Session 11A 1:30-2:30pm**  
**Capital Structure & Scaling I**

The last two sessions of this module allow you to take what you've learned so far and apply it. In Session 11A, we'll look at capital structure for nonprofits, an exercise that leads directly into a case about a nonprofit that is highly dependant on large capital outlays for expansion.

**Primary Readings:**

Identify the Nonprofit, Herzlinger, HBS 9-195-215.

This is a fun, short exercise. Please come to class with a list of your identifications for each organization (e.g., A is museum, B is girl scouts, etc.). No need to hand it in, but be prepared to defend your reasoning if called on. Keep in mind that not all organizations here are healthy!

"Hidden in Plain Sight: Understanding Nonprofit Capital Structure," Miller, Clara. *The NonProfit Quarterly*, Spring 2003.

**Session 11B 2:45- 3:45pm**  
**Capital Structure & Scaling II**

In this session we'll evaluate the recent efforts of a more mature social venture, the Doe Fund, to decide how best to scale given some very interesting constraints. When is it better to scale or deepen your services, and why?

**Primary Reading:**

Doe Fund Case (RISE)

**Guest:** Joanna West, Director of Business Development, The Doe Fund

**Case Questions:**

1. Do a Rubric analysis, and summarize Doe's key strengths and weaknesses, financially and socially. Where in an organizational lifecycle is Doe at the time of the case, and what are the biggest obstacles to the organization's growth and success?
2. Evaluate the opportunity and risks of Doe's entrepreneurial solution in the broader context of the government's efforts to reduce homelessness in NYC. Looking back at the Dees article from Session 10A, what should Doe's objectives be in scaling and how should it do so?
3. Should George have opened the Porter Ave facility? Why or why not? What are the biggest risks and their solutions?
4. Based Clara Miller's article on Capital structure in session 11A, what's the most significant way that George has fueled growth to date? What financial/operational changes should George undertake to make it easier for him to scale Doe's services in the future?

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## MODULE VI: Exits and Career Paths

### About Module VI:

What is the best ending or exit for a social entrepreneur? If you've spent time building a private company and you want to leave or help your early investors recoup their investment, what are your exit choices? What impact will they have on your social mission? What can you do to build in your values so that exits can be more effective?

And, last but not least, what are the best opportunities for MBAs in this developing field? How do you become the architect of a satisfying career in social entrepreneurship? We'll spend some time having you report informally on your shadow projects as well.

### Class 12:

Thursday – December 11, 2008

### Session 12A 1:30-2:30pm Exits and The Public Market

In this session we'll look at two very successful for profit social entrepreneurs and their exit choices in the yogurt and ice cream industries by comparing the acquisitions of Ben and Jerry's and Stonyfield Farms.

**Note: if you do a case-write-up for this session, please answer questions for both cases!**

#### Case 1:

Primary Reading: Ben & Jerry's: Preserving Mission and Brand Within Unilever, HBS 9-306-037

Secondary Reading:

"Ben's Big Flop," Edward O. Welles, Inc., September 01, 1998.

"Unilever Funds Anticapitalists: Groups Gain Millions through Ben & Jerry Takeover," Financial Times (London), October 6, 2001.

Questions:

1. What were the different facets of B&J's mission and how successful and enterprise was it prior to acquisition?
2. Why did B&J sell to Unilever? Was there any reason to believe that B&J would perform better or meet its objectives better as part of Unilever?
3. Evaluate the acquisition from the points of view of both B&J and Unilever. Was this likely to be a successful social venture exit? Explain.

#### Case 2:

Primary Readings:

Green Companies: Stonyfield Farms, E. Gray, Loyola Marymount University.

"Selling His Soul to Dannon?" Julie Rose, Forbes Small Business, December 2001/January 2002

Secondary Reading:

"Organics, Stonyfield and O'Naturals in 2012," SustainableBusiness.com, June/July 2002.

Questions:

1. What were the different facets of Stonyfield's mission and how successful and enterprise was it prior to acquisition?
2. Why did Stonyfield sell to Groupe Danone? Was there any reason to believe that Stonyfield would perform

better or meet its objectives better as part of Group Danone?

3. Evaluate the acquisition from the both points of view. Was this likely to be a successful social venture exit? Explain.

Optional:

Gary Hirshberg Podcast: I highly recommend this 21 minute talk: Gary is an amazing speaker.

<http://www.siconversations.org/shows/detail920.html>

### **Session 12B: 2:45- 3:45pm** **Social Entrepreneurship and MBAs**

In this session we'll review all we've covered in the course, and return to the big picture of social entrepreneurship. And we'll spend some time exploring the opportunity that MBAs have to make a difference through career choices.

Optional Advanced Readings for you in your spare time after class:

[Millions for Millions](#), New Yorker, Connie Bruck.

[Nothing Ventured Nothing Gained Addressing Critical Gaps in Risk Capital for Social Enterprises](#), Jed Emerson, Tim Freundlich and Jim Fruchterman.