

OVERVIEW OF ELEMENTS OF A SOCIAL VENTURE BUSINESS PLAN READINGS

- Sahlman: *HBR* article (7/1/1997)
- Carlson and Koch, Chapter 3

ELEMENTS OF A BUSINESS PLAN TOPICS

- Alternative Paradigms
 - Sahlman
 - Barron's (DeThomas)
 - HP
 - Social Entrepreneur's Playbook
 - GSBI Social Business Plan Paradigm
 - How does Social Venture differ from "traditional" venture
- Sustainability and Scalability
 - Definitions
 - Scaling

WHY HAVE A ENTERPRISE (BUSINESS) PLAN?

- External Use
 - Raise money
 - Communicate to other organizations
- Internal
 - Business focus and guide (communicate to employees)
 - Measure progress

SAHLMAN'S BUSINESS PLAN PARADIGM

- Designed for entrepreneurs seeking VC funding
- Elements
 - People
 - Opportunity
 - Context
 - Risks and Rewards
- Simple, but probably not sufficient for a SB

BARRON'S BUSINESS PLAN PARADIGM

- Designed for small business entrepreneurs (funding from financial institutions)
- Elements
 - Financing Proposal
 - Business Description
 - Market Analysis
 - Operating Plan
 - Organization Plan
 - Financial Plan
 - Financial Model
- Good for small business, missing some elements for SB.

HP'S BUSINESS PLAN PARADIGM

- Designed for HP project funding and monitoring
- Elements
 - Purpose
 - Objectives
 - Customers and Channels
 - Products and Services (“Whole Product”)
 - Development/Acquisition Plan
 - Management Team
 - Financial Model
 - Potential Problem Analysis
 - Tactical Plan
- Used for GSBI 2003/2004, but missing key elements for a Social Venture

SOCIAL ENTREPRENEUR'S PLAYBOOK

- Developed (at Wharton) to help plan, launch, and scale Social ventures., reviewed by 300+ social entrepreneurs
- Elements
 1. Articulate your Targeted Problem and Substantiate your Proposed Solution
 2. Specify Performance Criteria
 3. Define and Segment Your Target Population
 4. Understand the Beneficiary Experience
 5. Understand the Most Competitive Alternative
 6. Identify Operations Realities
 7. Address the Inevitable Socio-politics
 8. Develop a Concept Statement
 9. Frame and Scope Venture
 10. Specify Deliverables
 11. Establish Assumptions and Checkpoints
 12. Launch the Enterprise
 13. Manage the Upside and Downside
 14. Scale up the Enterprise
- Missing some elements, others too general

“SCU GSBI” SV Plan Paradigm

- Developed over 10 years as a paradigm for GSBI social venture plans
- Elements
 - Mission/Opportunity/Strategies
 - External Environment Analysis
 - Beneficiary Needs (“Market”) Analysis
 - Operations
 - Organization and Human Resources
 - Business Model
 - Metrics and Accountability
 - Operating Plan
 - Financing
- A composite of other paradigms
- We will use this paradigm to learn about SV and as a basis for case studies of the GSBI-2017 participants’ plans.

Paradigm Element	Why Salient
1. Mission/Opportunity/Strategies	Focused theory of change
2. External Environment	Local context
3. Beneficiary Needs (“Market”) Analysis	Customer Identification
4. Operations and Key Processes	Value Chain Innovation
5. Organization and Human Resources	Operational Excellence
6. Business Model	Monetization and Cash Flow
7. Metrics	Performance Monitoring and Measurement
8. Operating Plan and Budget	Cash Flow
9. Financing	Capitalizing the Venture

Social Ventures

3 “Levels” of a Business Plan

1. Elevator Pitch:

1-3 minute summary of what the organization does, what market it serves, and why it has the best solution for that market.

2. Executive Summary:

6-15 slide PowerPoint presentation covering the key elements of the Business Plan (paradigm); video of presentation

3. Written Document:

15-20 page written document which is the operating plan (or investment prospectus) for the organization, including financials. You will create a “draft version” of this document with your 7 reports for this class.

“SCU GSBI” SV Plan Paradigm

- Mission/Opportunity/Strategies
- External Environment Analysis
- Beneficiary Needs (“Market”) Analysis
- Operations
- Organization and Human Resources
- Business Model
- Metrics and Accountability
- Operating Plan
- Financing

“SCU GSBI” SV Plan Paradigm

What’s Different for a Social Venture

- Mission/Opportunity/Strategies: **impact vs \$\$**
- External Environment Analysis: **less robust, mitigate and leverage**
- Beneficiary Needs (“Market”) Analysis: **harder to identify, may need to create**
- Operations: **low cost is key**
- Organization and Human Resources: **under-paid, need volunteers**
- Business Model: **non-profit and B-Corp choices**
- Metrics and Accountability: **need additional, “non-standard” metrics, hard to measure impact**
- Operating Plan: **new way of thinking**
- Financing: **more sources, different criteria**

SUSTAINABLE AND SCALABLE (GSBI Definitions)

Sustainable:

Scalable:

SUSTAINABLE AND SCALABLE (GSBI Definitions)

Sustainable:

Positive cash flow

Scalable:

Revenue and Impact grow faster than expenses

- **Scaling Up (horizontal)**
Growth (of # beneficiaries) in additional beneficiary (market) segments
- **Scaling Deep (vertical)**
Growth (in impact) through competency in existing beneficiary (market) segments

BENEFITS OF SCALING

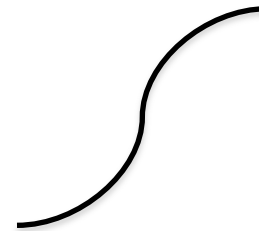
- Enhance effectiveness (more benefits to more beneficiaries at more benefit/cost)
- Improve efficiency (less-cost/benefit)
- Increase return/recognition
- Reduce (future) risk

RISKS OF SCALING

- De-focus enterprise
- Strain/waste resources (human and financial)
- Dilute benefits
- Harm reputation
- Alienate Funders

RATES OF SCALING?

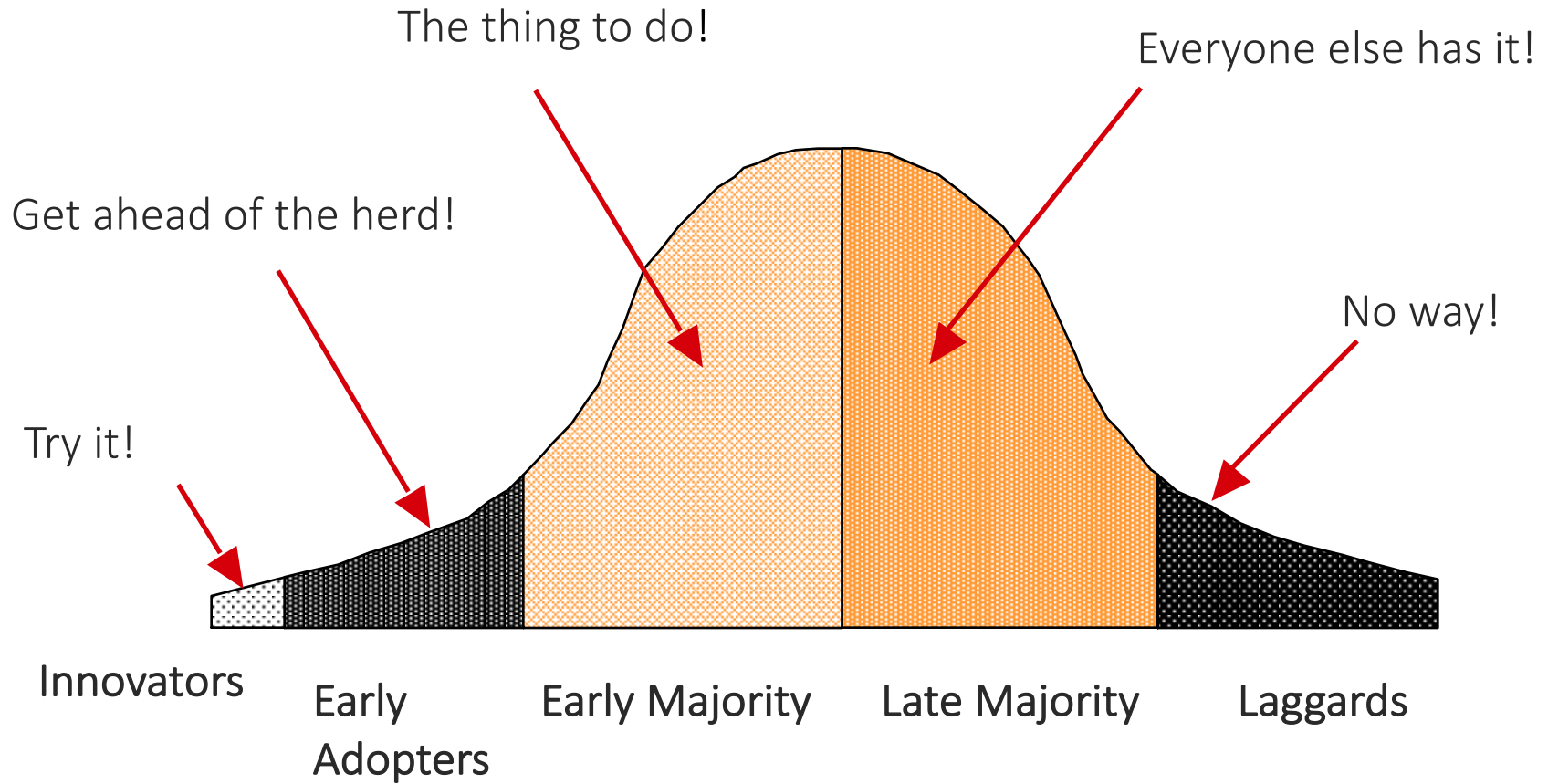
- “I” curve (Prahalad)
Hyper-exponential
- Hockey Stick (Silicon Valley)
Linear then exponential
- Linear (most likely)



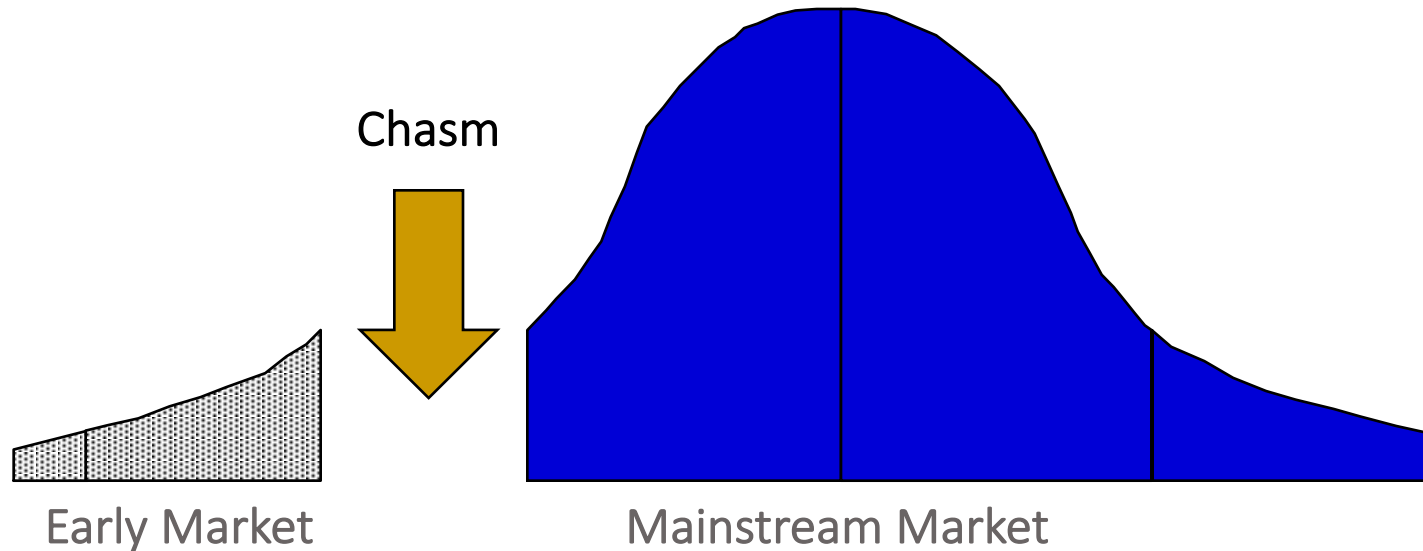
SCALING AND THE B.O.P. MARKET

- Scaling Opportunities
 - Standalone BOP (single country or region)
 - BOP → another BOP (multiple countries or regions)
 - BOP → Developed (BOP & TOP)
 - Developed → BOP (TOP modified for BOP)

SCALING LIFE CYCLE

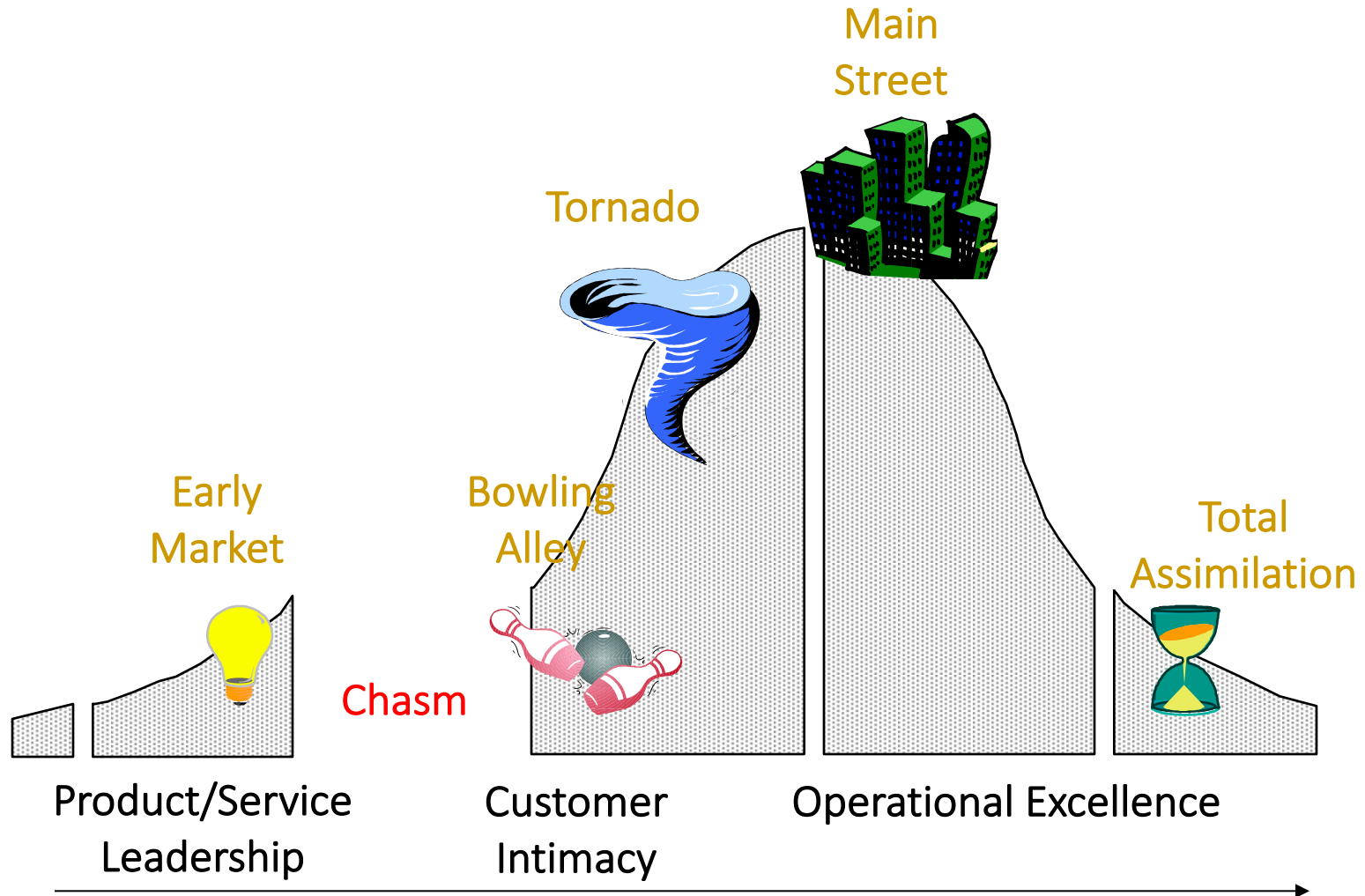


SCALING: “CROSSING THE CHASM”



- Product/Service in search of a beneficiary
- $\text{Marginal Expenses} > \text{Marginal Income}$
- Organization not ready
- Better alternative may exist

SCALING STRATEGIES



SCALING TACTICS

(in order of increasing difficulty/cost)

- Disseminate the enterprise plan and experiences
- Create a learning network
- Additional service sites
- Additional products
- Package and sell/franchise the products/services
- Vertical or horizontal integration

PLANNING FOR SCALING

- Assess the opportunity (beneficiary needs analysis to define the “niche”)
- Select scaling strategy
- Determine Critical Success Factors
- Evaluate organizational readiness
- Revise enterprise plan
- Develop funding plan

SUSTAINING AND SCALING ISSUES

- **Mission/Opportunity/Strategies:** focused, achievable, and extendable?
- **External Environment:** does the SB leverage any external environment assets/opportunities and mitigate any external environment risks/obstacles?
- **Target Beneficiaries:** is the target set of beneficiaries well-defined and reachable; do they have a compelling reason to “consume” the products or services of the SB; can the initial beneficiaries be extended?
- **Operations:** are there processes and partnerships in place to ensure efficient and effective delivery of the products and services; can these processes and partnerships be sustained/scaled?
- **Organization and Human Resources:** do the organization and human resources (management, staff, board, partners) have the ability and experience to sustain and scale the organization?
- **Business Model:** Is the value proposition clear? Can the income drivers be sustained/scaled by the expense drivers? Are there untested assumptions in the business model that could create problems with sustainability or scalability.
- **Metrics:** Are there metrics in place to guide the organization and to ensure accountability to the investors?