

SOCIAL BENEFIT ENTREPRENEURSHIP

MGMT 3548 (4-units)



Winter 2018
Monday and Wednesday 5:45-7:20
Lucas Hall 208

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By Appointment

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Include MGMT 3548 in the subject line.

Course Texts:

Eric Carlson and James Koch, *Building A Successful Social Venture—A Social Entrepreneurs Guide*, pre-publication copy available on Camino

Roger Martin and Sally Osberg, *Getting Beyond Better—How Social Entrepreneurship Works*, Harvard Business Review Press, 2015.

Course syllabus makes extensive use of links to online articles, field-based research reports, and the rich body of case materials developed through the Global Social Benefit Incubator in the Miller Center for Social Entrepreneurship (available through Camino)

PROPOSED BULLETIN CHANGES (NEW)

Introduces students to social benefit entrepreneurship through readings, case study analysis, and the application of a field-tested process to formulate business plans for existing social benefit ventures. Considers the unique nature of social entrepreneurship as an innovation process to develop products or services for advancing social progress in areas such as the environment, economic development, poverty alleviation, access to affordable healthcare, and education. Emphasizes the development of knowledge and skills for maximizing the social impact, financial sustainability, and scalability of a social benefit enterprise.

COURSE OVERVIEW

The worldwide burgeoning in entrepreneurial activity is being driven by opportunities and challenges created by technological, cultural, social, environmental, and political changes. A unique form of entrepreneurship, social entrepreneurship (SE), is blossoming in many regions around the world. Lauded as an important means for generating economic growth, addressing social issues, and creating community wealth, a growing number of thought leaders and organizations are fostering this entrepreneurial awakening. Collectively, they are contributing to the emergence of social enterprise as a “fourth sector” bridging the conventional rationalities of public, private and non-profit organizations. This emerging sector places social impact ahead of profits. It is unleashing creativity in solving vexing social problems and defining new market opportunities. It is also a potential well-spring for disrupting mainstream markets.

This course provides students with access to a proven approach to building and growing successful social mission ventures. It taps more than 15 years of work by the instructors—James Koch as founder of the Miller Center for Social Entrepreneurship (formerly the Center for Science, Technology, and Society) and co-founder of the Tech Museum Awards; and, Eric Carlson, as former Director of the Global Social Benefit Incubator and Deans Professor of Social Entrepreneurship. It draws on Santa Clara University’s leadership in working with organizations that are successfully addressing some of the most intractable problems in the world to engage students in analyzing and applying best practice market-based solutions to societal challenges.

In project teams students will apply an integrated model for social venture business planning to a living case from the 2017 GSBI Accelerator. This framework requires an understanding of the deep structure of social challenges to assess the completeness of founder visions and the robustness of their theories of change. It also requires students to use a disciplined market-based approach to refining business plan recommendations for developing a sustainable and scalable solution. This analysis will encompass an assessment of strategy, environment analysis, and market segmentation. It will also encompass an assessment of critical success factors in value chain innovation, operations, and human talent, as well as organization and governance considerations. Particular attention will focus on business model innovation and the validity of assumptions about revenue and expense drivers, as well as the effective use of metrics to support continuous innovation adaptation, and learning, and to assess *both* social impact and financial viability.

The design of this course intertwines essential concepts with field tested examples and tools for developing and pressure-testing social venture business plans.

- Strand 1: Essential Concepts. This strand develops the concept of a social business which Nobel Laureate Muhammad Yunus defines as an enterprise created and designed to address a social problem; financially self-sustainable; with profits reinvested into the business to increase social impact. Greg Dees describes social entrepreneurs as individuals who:
 - Adopt a mission to create and sustain social value—not just private value.
 - Recognize and relentlessly pursue new opportunities to serve that mission.
 - Engage in a process of continuous innovation, adaptation and learning.
 - Act boldly without being limited by resources currently in hand.

- Exhibit a heightened sense of accountability to the constituents served and for the outcomes created.

While social entrepreneurs address social problems or needs that are unmet by private markets or governments, they often work with as opposed to against market forces to increase the likelihood of developing sustainable and scalable solutions. Because of their emphasis on building trust and creating community wealth or shared value, the enterprises they foster are increasingly cited by prominent organizational scholars—including Michael Porter, Clayton Christensen, Stuart Hart, and the late C.K. Prahalad—as examples of how to fix capitalism and unleash new waves of innovation and growth.

- Strand 2: Best Practices and Examples. For each element in the social business planning process proven approaches to scaling social impact and achieving financial viability are drawn from the Miller Center for Social Entrepreneurship portfolio of alumni and other exemplary social businesses.
- Strand 3: Writing a Business Plan. This strand bridges theory and concepts to practice. It uses the concepts and examples from Carlson and Koch, *Building a Successful Social Venture* as a guide for critically assessing and formalizing the business plan for an actual venture in the Miller Center for Social Entrepreneurship portfolio of recent alumni. In this phase of the course students will develop practical skills in writing a social venture business plan. They will also assess the economic viability of a venture and its readiness for various forms of investment capital.

Rather than *what* to think, this course focuses on *how* to think about designing an economically viable and scalable social business. Social venture strategies are examined through logic models for disrupting unjust equilibria, with the discipline of business planning used to assess the robustness of plans. By applying this knowledge to the analysis of a living case this course provides the foundational knowledge and skills for developing a successful social mission business.

Course Learning Objectives

Students who successfully complete the requirements for this course will be able to:

- Analyze the role played by social entrepreneurs in addressing social need. (*See MBA Learning Goals 1 and 2 below*)
- Understand the structure, constraints, and tradeoffs in addressing subsistence markets and designing each element of a business plan for serving areas of unmet human need. (*See MBA Learning Goals 4 and 5, below*)
- Formulate the critical success factors for sustainability and scalability of social business. (*See MBA Learning Goals 4 and 5, below*)
- Synthesize knowledge from best practices in social entrepreneurship to develop the business plan for a specific social business. (*See MBA Learning Goals 1-5*)

MBA Program Learning Goals:

1. Ethical, global, and sustainability considerations in business
2. Connection to Silicon Valley: Innovation, technology, and entrepreneurship
3. Communication, interpersonal, and team-building skills
4. Analysis to drive decision making
5. Provide a multi-disciplinary, integrative approach to business issues, focusing on a general management perspective

Prerequisites

MKTG 551 Marketing Analysis and Decisions

ACTG 301 Accounting for Business Decisions, *or* FNCE 451 Financial Management

(Note: Prerequisites can be waived by permission of the professor)

Course Format

The first two weeks of the course provide an overview of social entrepreneurship and the social business concept. It defines the elements of a social venture business plan, how they differ from a for-profit enterprise, and how they fit together. This part of the course examines how social entrepreneurs disrupt *status quo* assumptions about the intractability of social issues. It considers the salience of pattern changing theories of change as well as strategies and business models designed for scale. Weeks 1 and 2 include a review of living cases from the Miller Center GSBI 2017 Accelerator that will be used in student projects. The assignment of students to social venture cases will be based to the extent possible on personal interest.

During the course students will analyze the business planning work products of GSBI-2017 participants (e.g., PowerPoint business plan presentations created by GSBI-2017 participants) and gather additional information on the business plan (e.g., from Web sites, email interactions with the GSBI-2017 participants, mentors, and other sources). They will also lead discussions of their organization. For their *Final Project Assignment*, each student will complete an “investment analysis” for their GSBI-2017 organization and recommend changes to the organization’s business plan to increase the financial sustainability as well as investment potential and the scalability of social impact. The final projects will be made available to the GSBI organizations.

The second class in week two, which is on a Wednesday, is the first of a series of “paired” class sessions. The first session of each pair will cover an element of a social enterprise business plan, describe *minimum critical specifications* for scaling, and provide examples of successful venture design. The following Monday, in the second of each “paired” class sessions, students will present and discuss the specifics of business plans for their ventures. Wednesday of week two examines the first element of a social venture business plan—*Mission, Opportunity, and Strategy*. The following Monday students present an analysis of this business plan element.

Weeks 3 to 9 provide an integrated framework for analyzing strategic and operational issues in the development of socially entrepreneurial ventures—from defining the overall structure of

plausible solutions to assessing the constraints and tradeoffs in designing each element of a venture business plan. Particular attention focuses on the importance of understanding target markets and the culturally embedded nature of social innovation, as well as life cycle considerations in venture development, the effective use of metrics for entrepreneurial adaptation, and financing. The list of eight assigned reports for weeks 3 through 10 students is included in the detailed Class Schedule below.

In week 10 student teams will present an investment analysis and recommendations for strengthening the business plans for their ventures. Instructor and peer feedback will utilize a rubric based on the “minimum critical specifications” checklists in Carlson and Koch’s forthcoming book, *Building Successful Social Ventures—A Social Entrepreneur’s Guide*.

GRADE CALCULATION

Class attendance/participation: 30%

Attendance: 10% (1/2 point per class)

Class discussions: 20% (8, 2 points each with 4 *bonus points*)

8 weekly written reports: 40%

Final Project: 30%

Investment Analysis: 15%

Recommendations: 15%

Grading will be on an absolute scale (e.g., 90-94: A-, 95-100: A)

EVALUATION CRITERIA

Class participation

Because class discussion is a critical component of the course, participation is essential, both for your own learning and that of other students. **Your classmates and I expect you to attend every class session having read the assigned material.** Because the course is interdisciplinary and the class is composed of students of various backgrounds, there is tremendous opportunity for you to learn from your peers and for you to help your peers learn from you – this will be aided by relating class material to your own personal experiences and sharing these connections in class.

Weekly Reports and Final Project

Students will be responsible for applying the Carlson and Koch framework in each weekly report and in developing final project recommendations for strengthening the social impact, economic viability, and access to capital for their ventures.

CLASS SCHEDULE

<u>Week</u>	<u>Date</u>	<u>Class Topics, Readings, Assignments Due</u>
1	Jan 8 JK	Overview of Social Entrepreneurship and Social Business Concept <u>Assigned Readings</u> - Guclu, A., Dees, G. and Anderson, B.B., <i>The Process of Social Entrepreneurship</i> (Camino) - Koch, J. <i>Assessing Your Start-Up</i> (Camino) <u>In Class</u> - How social entrepreneurship works: (1) Understanding the world; (2) Envisioning a better future; (3) Building a model for change; (4) Scaling the solution - Review syllabus and grading - Tech Awards video (discussion) - Social issues brainstorming - Personal reflections
	Jan 10 EC	Opportunities <u>Assigned Readings</u> - Carlson and Koch, Chapters 1-2 <u>In Class</u> - Review 2017 GSBI Accelerator Ventures (Eric) - Preliminary ranking of personal preferences for class projects
2	Jan 15 <i>Holiday, no class</i>	Business Planning Paradigm Overview, Sustainability and Scalability <u>Assigned Readings</u> - Wimmer, N. 2013. "The Art of Rural Business", <i>Journal of Management for Global Sustainability</i> (2): 107-119. (Camino) - Carlson and Koch, Chapter 3 <u>Class Cancelled (University Holiday)</u>
	Jan 17 JK	Mission, Opportunity, Strategy <u>Assigned Readings</u> - Carlson and Koch, Chapter 4 - Martin and Osberg, Chapter 1-4 - Koh, H., Karamachandani, A. and Katz, R. <i>From Blueprint to Scale</i> , Monitor Group Report, pp. 1-19 (Camino) http://acumen.org/idea/from-blueprint-to-scale/ <u>In Class</u> - Lecture—Mission, Opportunity, Strategy - Discussion: Logic models and ten word mission statement exercise - Life cycle stages of development - Living Goods Video (example) http://skoll.org/2016/04/11/skoll-foundation-announces-skoll-awards-for-social-entrepreneurship/

3	Jan 22 JK	Report # 1: Mission, Opportunity, Strategy <u>Assigned Readings</u> - Martin and Osberg, Chapter 5 <u>In Class</u> - Report #1 presentations and discussion (PPT/3 slides to professors)
	Jan 24 JK	External Environment Analysis and Aravind Case <u>Assigned Readings</u> - Carlson and Koch, Chapter 5 - Case Study: The Aravind Eye Hospital, Maduri, India—In Service for Sight (Purchase: http://cb.hbsp.harvard.edu/cbmp/access/72766121) - Zahra, S.A., et. al. 2009. “A typology of social entrepreneurs: Motives, search processes and ethical challenges”, <i>Journal of Business Venturing</i> , (24), 2009: 519-532 (Camino) <u>In Class</u> - Lecture/discussion: Environment Analysis - Aravind Case Analysis (assigned case questions)
4	Jan 29 JK	Report # 2: Environment Analysis <u>Assigned Readings</u> - Thompson, J. and MacMillan, I. 2010. “Making Social Ventures Work,” <i>Harvard Business Review</i> , September 2010, 67-73 (Camino) <u>In Class</u> - Report # 2 presentations and discussion - Discuss “acceptable space” concept
	Jan 31 EC	Target Market <u>Assigned Readings</u> - Carlson and Koch, Chapter 6 - Rangan, V. et.al. 2011. “Segmenting the Base of the Pyramid,” <i>Harvard Business Review</i> , June 2011: 113-117. (Camino) - Jain, S. & Koch, J. 2016 “Conceptualizing markets for underserved communities,” in A.Guerber & G.Markman (Eds.) <i>Sustainability, Society, Business Ethics, and Entrepreneurship</i> . 2016, Singapore: World Scientific Publishing, Chapter 3, 71-91. (Camino) - Simanis, E. 2012. <i>Reality Check at the Bottom of the Pyramid</i> , <i>Harvard Business Review</i> , June 2012: 120-125. (Camino) <u>In Class</u> - Lecture/discussion: Target Market
5	Feb 5 EC	Report # 3: Target Market <u>Assigned Readings</u> - Baden-Fuller, C. and Haeflinger, S. 2013. “Business Models and Technological Innovation,” <i>Long Range Planning</i> , 46, 419-426. (Camino) <u>In Class</u> - Report #3 Presentations and discussion - Discuss Braden-Fuller and Haeflinger concepts

6	Feb 7 EC	Value Chain Innovation and Operations <u>Assigned Readings</u> - Carlson and Koch, Chapter 7 - Hammond, A., Koch, J., and Noguera, F. 2009. "The Need for Safe Water as a Market Opportunity," <i>Innovations</i> 4 (3), 107-117 (Camino) - Desa, G. & Koch, J. (2014) "Scaling Social Impact: Building Sustainable Social Ventures at the Base-of-the Pyramid," <i>Journal of Social Entrepreneurship</i> (5) 2: 146-174. (Camino) <u>In Class</u> - Lecture/Discussion: Value Chain Innovation and Operations
	Feb 12 EC	Report # 4: Operations <u>Assigned Reading</u> - Hammond, A. 2011. "BoP Venture Formation for Scale," Chapter 7 in London, T. and Hart, S, 2011. <i>Next Generation Business Strategies for the Base of the Pyramid</i> , FT Press, Upper Saddle River, New Jersey, 2011, 193-215. (Camino) <u>In Class</u> - Report # 4 Presentations and discussion - Discuss "designing for scale" concept
	Feb 14 JK/EC	Organization and Human Resources <u>Assigned Reading</u> - Carlson and Koch, Chapter 8 - Bloom, P. and Chatterji, A. 2011. "Scaling Social Entrepreneurial Impact," <i>California Management Review</i> 50 (3): 114-133 (Camino) <u>In Class</u> - Lecture/Discussion: Organization and Human Resources
7	Feb 19 <i>Holiday, no class</i>	Report # 5: Organization and Human Resources <u>Assigned Reading</u> - Seelos, M. and Mair, J. 2012. "What Determines the Capacity for Continuous Innovation in Social Sector Organizations," <i>Stanford Center for Philanthropy and Civil Society</i> , pages 10-25 (Camino) <u>Class Cancelled (University Holiday)</u>
	Feb 21 EC	Business Model <u>Assigned Reading</u> - Carlson and Koch, Chapter 9 - Hammermesh, R. et. al. 2002. "Note on Business Model Analysis for the Entrepreneur," <i>Harvard Business School</i> , 9-802: 48 (January 22, 2002). (Camino) - (Optional) Seelos, C. and Mair, J. 2007. "Profitable Business Models and Market Creation in the Context of Deep Poverty: A Strategic View," <i>California Management Review</i> , November 2007, 49-63. (Camino) <u>In Class</u> - Lecture/discussion: Business Models

8	Feb 26 EC/JK	Report #6: Business Model <u>Assigned Reading</u> - Martin and Osberg, Chapter 6 <u>In Class</u> - Report # 6 Presentations and discussion - Discuss “scaling <i>your</i> solution”
	Feb 28 EC	Metrics <u>Assigned Reading</u> - Carlson and Koch, Chapter 10 - Ebrahim, A. and Rangan, V. 2014, “What Impact: A Framework for Measuring the Scale and Scope of Social Performance,” <i>California Management Review</i> , 56 (3): 118-141. (Camino) - (Optional) Blank, S. 2013. “Why the Lean Start-Up Changes Everything.” <i>Harvard Business Review</i> , May 2013: 66-72. (Camino) <u>In Class</u> - Lecture/discussion: Metrics
9	Mar 5 EC	Report # 7: Metrics <u>Assigned Reading</u> - (Optional) Bannick, M., and Goldman, P., 2013, <i>Priming the Pump: The Case for a Sector Based Approach to Impact Investing</i> , Omidyar Network, 2013. (Camino) <u>In Class</u> - Report # 7 Presentations and discussion - Discuss how “equilibrium change” applies to your venture
	Mar 7 EC	Operations and Financing <u>Assigned Reading</u> - Carlson and Koch, Chapters 11-12 <u>In Class</u> - Possible Guest Participants (GSBI Mentors, Director of Impact Capital)
10	Mar 12 EC	Operations and Financing - Report #8 Presentations and Discussions
	Mar 14 JK/EC	Path Forward - Carlson and Koch, Chapter 13 - Martin and Osberg, Chapter 7
Final Written Project Due on Date of Final Exam: March 20		

POLICIES

Please read this syllabus and these policies carefully and sign below. It is a contract, just like the ones a business professional will make with customers, employers, creditors, regulators, and the community.

1. **Assignments:** No late assignments will be accepted. No exceptions. If you cannot make class, submit your assignment online and early. All written assignments should be in 12-point font, professionally typed and have 1-inch margins.

2. **Group work:** All team members will get the same grade on group assignments. On the last day of class I will request each group member to provide feedback on other members of the group. If there is consensus that a particular group member is slacking or not contributing, that person will have their group-work grade reduced by one whole letter grade.

3. **Academic integrity:** “Students are expected to do their own work and to cite any sources they use. A student who is guilty of a dishonest act in an examination, paper, or other work required for a course, or who assists others in such an act, may, at the discretion of the instructor, receive a grade of “F” for the course. In addition, a student found guilty of a dishonest act may be subject to sanctions, up to and including dismissal from the University, as a result of the student judicial process as described in the Student Handbook. A student who violates copyright laws, including those covering the copying of software programs, or who knowingly alters official academic records from this or any other institution is subject to similar disciplinary action.”

(Source: Santa Clara University Undergraduate Bulletin,
<https://www.scu.edu/academics/bulletins/undergraduate/Academic-Integrity.cfm>)

4. **Disabilities Resources:** To request academic accommodations for a disability, students must contact Disabilities Resources located on the second floor of Benson. Phone numbers are (408) 554-4111; TTY (408)554-5445. Students must register and provide documentation of a disability to Disabilities Resources prior to receiving academic accommodations."

I have read and understood this syllabus, and accept the policies for this course:

Signed: _____

Student ID: _____ Date: _____

Student Information Sheet

- Name: _____
- Major: _____
- Minor: _____
- Anticipated graduation date: _____
- Home City _____
- Self-Introduction:

Write a brief self-introduction that includes what matters most to you and how Santa Clara University has influenced your development. If you have traveled in an emerging country or done volunteer work that addresses the needs of a marginalized population in the US or elsewhere, how has it influenced your thinking? What issues in our contemporary world and society concern you? What do you hope to learn in this class that will help you to achieve your personal goals?