

SOCIAL ENTREPRENEURSHIP

Winter 2010

Professor Marianne Woodward

Wednesday evenings 6:30pm – 9:30pm, Evanston Campus

5 week class; January 6, 2010 – February 3, 2010

Office: Jacobs Center – Kellogg Room 501

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Social Entrepreneurship is a powerful force that combines the discipline of the commercial sector with the spirit of the mission driven sector.

This course introduces students to the field of social entrepreneurship, its power and its pitfalls. The course is designed for both: students hoping to make a career in the not-for-profit or social enterprise sector; as well as those planning to pursue a career in the for-profit sector, but who hope to be active volunteering or serving on boards of not-for-profit organizations. The course will also be highly relevant for students who are having trouble choosing between those options!

The goal of the class is to educate the students about some of the facts, best practice and “science” of social entrepreneurship, with a focus on social enterprises begun by not for profits. The goal is also to inspire the students to think creatively about themselves, their careers, and how they can make a difference by using both their business education and skills, and their hearts. The “art” of social entrepreneurship. To understand that one can do well and do good simultaneously.

All of these principles will be taught in the context of social enterprises started and run by US based not for profits. While the concepts have a universal application, students should understand that the cases and examples will be focused on US based not for profits considering or running social enterprises.

The class will use a combination of inspirational guests, readings, lectures and cases. Most classes will begin with a presentation from a local social entrepreneur, with time for discussion allowed. Visiting entrepreneurs are chosen from diverse organizations, to offer the students a broad view of the field. Lectures from Professor Woodward and case discussions typically follow the visiting social entrepreneur.

Grade Determination

20% weekly insights/class participation (individual)

80% case write ups and discussions – there will be 4 graded cases. 2 will be done individually, 2 will be done in groups.

Weekly Insights

Class participation requires class attendance, and active participation! Absence from class will negatively impact your grade. In order to assess insights and class participation, students will be asked to turn in an “Insight” for each class, which will be graded. Attendance is mandatory on the first night of class, as that class lays the groundwork for the remaining 4 weeks.

Honor Code

The Kellogg Honor Code is applicable in this class. The complete text of the Honor Code is available at: <http://www.kellogg.nwu.edu/student/gma/honor/index.htm>
The Honor Code is enforced at Kellogg and violations are subject to disciplinary sanctions.

Write-ups must be your original work. You may not use materials containing solutions or partial solutions to the assignment (including solutions prepared by current and former Kellogg students). If your analysis contains information from outside sources, then you must properly cite the sources. You may not discuss the assignments with any person who is not a member of your group, other than the professor.

Some of the work for this class will be done in groups. However, you are expected to have a full understanding of any material submitted with your name on it. You must be completely familiar with the material and able to answer questions about the assignment. Substantial contribution by EACH group member on each group assignment is expected. The act of placing your name on an assignment signifies that you have substantially participated in the preparation of the entire assignment.

Lap Top Policy

You are welcome to bring your laptop to class. I do ask that you use it respectfully, and only for note taking. Please do not use it to check or send emails, instant messages, or other entertainment.

January 6, 2010

Lecture: Introduction to Social Entrepreneurship

This class will include an overview of the course content, and a discussion of course expectations. A discussion about the definition of social entrepreneurship will follow, including a review of what forms it can take, and a discussion of considerations for organizations pursuing social entrepreneurship. Cultural issues for organizations will be evaluated, and students will be asked to consider what the barriers to success are for social enterprises.

Students will be given time at the end of the class to prepare their insight cards for that week, and to create their final project groups and to select their topic.

Case: Rubicon Ventures

This is a video case that will be shown in class. No advance preparation is necessary for this case.

Readings to be done in advance of this class

- Packet: Genius at Work; Should non-profits seek profits;
Enterprising Nonprofits; Nonprofit Enterprise: Right for
you?
- Download: Social Entrepreneurship: The Case for Definition
- Text: The Cathedral Within, Billy Shore; Chapters: 1,2,3,5

Homework Due:

Sign up for npenterprise@yahoogroups.com

January 13, 2010

Visiting Social Entrepreneur: TBD

Lecture: Program rationalization, fee for service, and identifying marketable assets.

Case: Manchester Craftsmen Guild

This class will be highly interactive, and will feature the process not for profit organizations should go through in pursuing social entrepreneurship. Student will work in groups to formulate decision criteria, evaluate opportunities against those criteria, and consider marketable assets.

Readings to be done in advance of this class

Packet: Serving the World's Poor by C.K. Prahalad A. Hammond
Download: The Social Enterprise Handbook – Cases 2, 10, 12, 13 & 14
Text: The Cathedral Within Chapters 8-10

Homework Due: Manchester Craftsmen's Guild Case 20% of grade

Group write up. Please write up and turn in your responses to the following questions. This write up should be 3-5 pages in length, and is 20% of your total grade.

- 1) Describe the culture of the organization. In what ways does it promote successful social enterprises? In what ways does it limit them?
- 2) Describe the life cycle of MCGBT as a social enterprise. What changes has it gone through? In its leadership? Structure? Oversight?
- 3) Is the organization successful?
- 4) What decision criteria should they use to decide which initiatives to pursue?
- 5) Which initiative(s) should they pursue and why?

January 20, 2010

Lecture: Tax and legal considerations of social enterprise

Visiting Social Entrepreneur: TBD

Case: Help the World See

In order to evaluate legal structure issues, one must first understand the tax issues (Don't worry, it will be painless!): 501c3 status; private inurement; and UBTI (unrelated business taxable income).

We will discuss the options available for legal structures of social enterprises. What are the decision criteria to use? We will also take the opportunity to step back and look at the big picture issue of the fair trade debate as it relates to social enterprises.

Readings to be done in advance of this class

Packet: The Nonprofit Entrepreneur (Edward Skloot) Chapters 1 & 7

Download: If the Shoe Fits: Nonprofit or For-Profit? The Choice Matters
The L3C – The for profit with the nonprofit soul

Text: The Cathedral Within Chapters 4, 6, 7

Homework Due: Help The World See 20% of grade

Group write-up. Be sure your answers address each question individually. This write up should be 3-5 pages in length, and is 20% of your total grade. Please prepare answers to the following questions, keeping in mind that HTWS uses two different business models for delivering primary eye care in developing countries: volunteer missions and permanent clinics.

- 1) What criteria should HTWS use to assess these two models?
- 2) What are the strengths of each model relative to the criteria?
- 3) What are the weaknesses of each model relative to the criteria?
- 4) Should HTWS proceed with both models or focus its efforts on one?
Explain the reasoning behind your response
- 5) What are some other business models HTWS could use to serve its mission?

January 27, 2010

Visiting Social Entrepreneur: TBD
Lecture: Financing and Risk of Social Enterprises
Case: ASK4 Staffing, Inc.

Financing of enterprises will be discussed in this class. Options available for social enterprises will be compared and contrasted with those available for other enterprises. How are social enterprises financed? Do they face barriers in the traditional capital markets? Do they have access to funding not available to strictly commercial enterprises? This class will also include an overview of the community development finance field.

How do you analyze the risk of a social enterprise? Are they the same risks as commercial enterprise? How do they differ? How do you manage the risks? How do they impact the related not-for-profit?

Readings Due for this class:

Packet: ASK4 Staffing Case

Download: Current Practices in Program-Related Investing
Should We Consider a PRI?
Nothing Ventured, Nothing Gained: Addressing the Critical Gaps in Risk
Taking Capital for Social Enterprise
Out of Philanthropy's Funding Maze

Homework due: ASK4 Staffing Case 10% of grade
Individual write up. Please answer the following questions:

- 1) What are the risks to Children's Home & Aid Society in starting ASK4 Staffing, Inc.?
Organizational?
Business?
- 2) What should the Society do to minimize these risks?
- 3) What milestones should a prospective investor use to evaluate the firm's progress?

February 3, 2010

Visiting Social Entrepreneur: Julie Tye, The Cradle
Lecture: Outcomes measurement & the double bottom-line
Case: Adoption Learning Partners

This class will cover the challenges of measuring, and managing, a double bottom line.

Readings Due for this class:

Download: A Report from the Good Ship SROI
The Social Impact of Microfinance and How to Measure It
Social Impact Assessment: A Discussion among Grantmakers

Case: Adoption Learning Partners 30% of grade

Individual write up. Complete a memo of recommendation for Julie to submit to her board, covering the following topics in the following order:

- 1) Seek investment in ALP or allow it to run as is? Please support your recommendation with analysis.
- 2) If investment is to be sought, where should the funds come from? Be sure to consider multiple options for funding. Indicate what the capital structure should be. Support your response. Include details as to how potential investors of each type might be enticed to invest.
- 3) What legal structure will best support the organization? Be sure to include the capital structure, business goals, and mission goals in your response.