



MGP 291-002: Topics in Social Entrepreneurship, Course Syllabus

Graduate School of Management

University of California, Davis

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MGP 291-002

Course Topic: Social Entrepreneurship

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Teaching Dates: 2 Quizzes, no Final

Class Times: Even Saturdays, 10/5-12/14; 9am-12pm; 1pm-4pm

Campus: Sacramento Education Building, MC-2205

Overview

Social entrepreneurship can be generally defined as the creation of disruptive, sustainable solutions to social and environmental problems otherwise unaddressed by the market and often generated by the operation of individual businesses and industries. That definition has grown over the years to include not only non-profit corporations using hybrid funding models and government programs but also the creation of profitable businesses designed to accomplish the same goals. More recently, the definition has guardedly expanded to include businesses that meet human needs and wants while improving or simply not damaging people and the planet in the process, thereby also protecting and creating future markets. Historically, social entrepreneurship took place predominately in non-profit corporations and government programs. Enterprise born from social entrepreneurship is an emerging field of business in which the entrepreneurs are creating value by combining purpose and profit predominately in markets that were heretofore market failures or the outcome of negative business externalities. This field also includes “social

intrapreneurship” wherein employees in existing, usually large corporations develop new opportunities for their firms that both solve market failures and create a new brand-aligned and profitable book of business for themselves. In these ways, social entrepreneurship is playing a role in moving corporate social responsibility from a cost center to a profit center and ultimately to new products and more sustainable ways of doing business for an entire company. It is at the vanguard of creating new business models that are expanding the way value is created.

As the traditional lines blur among nonprofits, government, and business, it is critical that business students understand the opportunities and challenges in this new landscape. Learning how to create a socially responsible enterprise and knowing it from its other commercial counterparts requires looking through a new lens. Through guest speakers, case discussion, lecture, and student presentations this course will explore this emerging field. Students will learn to identify social enterprise, as well as ways it is being introduced into corporations as a new factor in improving brand, profitability, and sustainability. Because the field of social entrepreneurship is interdisciplinary and in still somewhat in its infancy this course is introductory in nature and draws heavily from cases, speaker experience and student inquiry. Class discussion will be used and a premium will be placed on participatory, innovative thought.

The course will be structured around four inter-related elements:

1. Understanding the growing fields of social entrepreneurship, intrapreneurship and social enterprise, why they exist, and how they differ from their traditional, commercial peers
2. Understanding the unique motivations, opportunities, challenges, financing, business structures and management methods typical of social enterprises
3. Understanding the changing field of corporate social responsibility and sustainability and the opportunity it represents for taking social enterprise and its impact to scale
4. Understanding the impact of social entrepreneurship on the public and nonprofit sectors

When looking at a social venture or discussing a social entrepreneur we will examine the following elements:

1. **Innovation**—Social entrepreneurs are innovators who see opportunities others do not, design a solution and create change for which the market is now willing to pay. How do they approach innovation and change that is different from their other business peers?
2. **Leadership**—In what ways are these entrepreneurs leading their respective fields to new value creation?
3. **Sustainability**—How are social entrepreneurs capitalizing their enterprises and generating income while maintaining their social and environmental missions? When it takes place inside an existing corporation through a social ‘intrapreneur,’ how is it different and similar?
4. **Impact and Performance**—What is the social impact of a social enterprise? What tools are available to measure that impact?

Instructor

Charley Ansbach is an early adopter of social entrepreneurship. In the 1970's before the name of the field became popular, he created one of the top ten social entrepreneur projects for the US Labor Department under the Comprehensive Employment and Training Act in which he demonstrated the viability of taking select people from the ranks of the unemployed and helping them develop new small businesses around their skills to take them from the welfare roll to the roll of small business tax-payer in their communities. Currently, he is working with innovative business models and technologies that successfully monetize the delivery of clean water to unserved areas of the world, an otherwise market failure.

After serving nationally as a capital campaign director for Ketchum Inc. Charley opened Ansbach & Associates in 1985 to raise capital funding and provide management consulting for nonprofits and NGOs worldwide. He worked with world leaders, social innovators and major individual, corporate and foundation donor/investors to maximize the impact of their community actions. He sold that firm in 2012 to Skystone Ryan Inc., a global consultancy for NGOs, where he served as a managing partner. Charley now has created a new firm designed to provide interim executive management services, enterprise development and funding to nonprofits and social entrepreneurs, as well as corporations looking for profitable ways to address their social responsibility agendas and/or completely redesign their prime corporate agendas. He was a multi-year judge on the Dell Global Challenge for social entrepreneurs, serves/served on multiple boards, including Roots of Peace and Innovation in Education Management. He is a trainer for USAID enterprise investment programs teaching action planning to business and political leaders from participating nations. He is a contributing author to *Building Strong Nonprofits*, published by Wiley, 2010 and *The Handbook of Persuasion and Social Marketing*, published by Praeger, 2014. He is a global trainer/speaker on issues impacting the field.

Objectives

At the end of the course, students can expect to:

- Have gained an understanding of social entrepreneurship and how social enterprises combine social mission and profit to create new business models for sustainable solutions to local and global challenges in established, neglected and emerging markets
- Have gained an understanding of the definition and history of social enterprise, the driving forces behind the growth of the phenomenon globally, the perspectives and goals of the entrepreneurs developing these new models and the resources that are available to support them
- Have gained an understanding of the fields of social entrepreneurship, social “intrapreneurism” and their role in the concept of “Shared Value” management that is spreading among major corporations
- Have met leading social entrepreneurs who are using business skills to address complex social problems
- Have developed a win-win plan to engage a major corporation with scaling a brand-aligned social enterprise to increase social impact, generate profit and meet corporate social responsibility goals

Prerequisites

There are no formal prerequisites for this class. This course will encourage students to draw upon the knowledge gained from core classes and apply it in traditional and innovative ways.

Grading

- A+** (rare, premium given for superior performance and participation far above the norm)
- A, A-** (outstanding performance well above standard)
- B+, B** (fully meets the requirements of the course)
- B-** (deficient performance and participation)
- C+** (significant deficiencies in performance and participation)

The class will divide into teams to complete major portions of the assignments.

All assignments must be turned in on time. Details on the assignments will be distributed separately.

Six (6) items will comprise your grade: A team project with three (3) parts, two (2) quizzes and class attendance/participation:

1. Team Project

Each student team will have a project made up of two parts that are linked to create the final third part, which is the final report. Each part, plus the final report, makes up one-third each of the total project grade.

- **Project Part 1** (30% of project grade): Pick a social or environmental problem in which you have interest. Identify companies that contribute to that problem. Contact the selected companies to find one interested in your examining solutions that can deliver measurable value to them. Research their company's core business strategies, goals, and social/environmental CSR agendas. The instructor will provide a letter of introduction for students to use in approaching companies). Write a summary of those goals and other criteria. Do a written summary and a 10-minute presentation about the company to the class. Turn in a copy and provide a copy to the company to ensure agreement.
- **Project Part 2** (30% of project grade): Identify social entrepreneurs addressing your selected company's negative social or environmental impacts. Establish criteria for identifying and selecting aligned social enterprises for and with your company. Pick one that best aligns with your selected company's core business and goals. Contact the social enterprise to invite it to be part of

your research project and share from their perspectives the pros and cons of a possible scaling partnership or acquisition by your first company. Determine the degree to which the social entrepreneur is ready and able to go to scale. Do 10-minute presentations in class to justify your selections of your three enterprises and the criteria you used to select them.

- **Project Part 3** (30% of project grade): Go to your initial problem-related company, present the proposed partner enterprise and show them the risks, benefits and opportunities associated with that choice. Include your team's recommendations regarding your choice of options. Do an up to 30-minute oral and visual presentation on your company, your research and selection process, the aligned social enterprises and the pros and cons from both sides on the potential for acquisition. Explain what you learned about the process and the possibilities to make such partnerships work. Turn in a copy of your visual presentation and written report. Provide a copy of all materials to each of the cooperating companies.

Teams will be graded on the content and quality of their research, ideas and recommendations, as well as their written, oral and visual presentation in which each member must play an active and relatively equal role.

2. **Quizzes** (30% of grade combined): The two quizzes are designed to determine your understanding of the text and lectures.
3. **Written assignment.** The one short writing assignment is intended to initiate your understanding of the range of opportunities and solutions for integrating the solution of social and environmental problems related to business actions as a strategy for increasing value.
4. **Class participation** (20% of grade). This grade will be based on frequency and quality of your individual participation in the class discussions. It is partly subjective (quality) but mostly factual (how often). The reason for this aspect of the course is that effectiveness in business often relies on one's ability to represent an opinion or idea effectively in open, competitive discussion. This class is a place to practice and given feedback in the forms of discussion and a grade.

Attendance and Class Participation

This class will rely heavily on the interaction between the students, the instructor and the guest speakers. As such, it is critical that you come to all classes well-prepared and ready to contribute. It is expected that you will attend all class sessions. If you must miss a session, please contact the instructor in advance. Missing more than one class session may adversely affect your class participation grade.

University Code of Academic Conduct

Students are expected to adhere to the University's Code of Academic Conduct found at <http://sja.ucdavis.edu/files/cc.pdf>.

Course Materials

Required Reading

- Levenson Keohane, Georgia. ***Social Entrepreneurship for the 21st Century: Innovation Across the Nonprofit, Private and Public Sectors.*** (McGraw Hill, 2013, ISBN 978-0-07-180167-6).
- ***The Social Intrapreneur: A Field Guide for Corporate Changemakers*** (Copies provided in class/online)

Recommended (but not required) Reading

- Erickson, Gary. ***Raising the Bar: Integrity and Passion in Life and Business: The Story of Clif Bar, Inc.***
- Prahalad, C.K., ***The Fortune at the Bottom of the Pyramid.*** (Wharton School Publishing, 2006, ISBN 0-13-187729-1).
- Social Enterprise Alliance, ***Succeeding at Social Enterprise: Hard-Won Lessons for Nonprofits and Social Entrepreneurs.*** (Jossey Bass, 2010, ISBN 978-0-470-40532-1).
- Schwartz, Beverly. ***Rippling: How Social Entrepreneurs Spread Innovation Throughout the World.*** (Jossey Bass, 2012, ISBN 978-1-118-13859-5).
- ***From Start-up to Scale: Conversations from the Harvard Business Review - Bridgespan Insight Center on Scaling Social Impact.***
<http://www.bridgespan.org/getmedia/2e3147b3-939e-45b7-b7b2-dd7c959e1d9f/From-Start-up-to-Scale.pdf.aspx>

Guest Speakers

Several experienced guest speakers will join the class for discussions. The objective is to be able to share in their personal experiences and insights. There will not necessarily be a one-to-one match between the case discussion and the guest speaker in terms of specific topic for any individual class, nor will the guest speakers necessarily provide a POV that is consistent with what students have read or debated. They will bring real-world experience across a spectrum of topics within social entrepreneurship. It is in your best interest to be prepared to engage each guest on the areas of their expertise. The extent to which you come armed with specific questions and points of discussion, the more you will get out of their presence in the class. The schedule of speakers is subject to revision.

Class Outline:

Class 1: Introduction to the Class and a Summary of Social Entrepreneurship

Discussion Topics:

- Create student project teams
- Discuss projects and quizzes
- Review report and presentation formats
- Review the importance of class preparation
- Distribute reading materials

Class Summary:

- Definitions and history
 - Quaker-owned enterprise vs convention at the start of the Industrial Revolution
 - Dodd vs Berle on stakeholder theory and primacy
 - Friedman vs Mackey on 'brand of capitalism'
- Examples of social entrepreneurship in the nonprofit, public, and private sectors
- Funding, investment, and evaluation: the growth of impact investment
- Sustainability, responsibility, and social entrepreneurship/intrapreneurism as a platform for creating value
- The challenges of partnerships, acquisitions and scale
- Government as a catalyst
- Creating value
- Opportunities for innovation

Introductory Videos and Discussion:

- Michael Porter: Why business can be good at solving social problems: <https://youtube.be/0ilh5YYDR2o>
- Conscious Capitalism with John Mackey Co-founder and Co-CEO of Whole Foods Market: <https://www.youtube.com/watch?v=ZLclziUvw5Q>
- The Jaipur Foot: <http://bottomofpyramid.blogspot.com/2004/06/case-of-jaipur-foot.html>
- PBS New Heros: Ep1 02 Mimi Silbert Delancy Street San Francisco: <https://www.youtube.com/watch?v=gW-pzSnYYBQ>

Assignment: Write a brief summary (2 pages or less) of three companies you believe are solving related social or environmental problems while producing profitable products or services.

Reading for Next Class:

Social Entrepreneurship for the 21st Century, Pages 1-28

Class 2: Social Entrepreneurism: Definitions, History and Growth in the Nonprofit Sector

WRITTEN ASSIGNMENT DUE

Video & Discussion:

- SOCAP: <https://www.youtube.com/user/SOCAPmarkets>

Discussion Topics:

- What are some key distinctions and similarities between nonprofit and for-profit corporations in terms of purpose, the creation of value, and management priorities?
- What is entrepreneurship?
- What is social entrepreneurship?
- What is a business enterprise?
- What is a social business enterprise?
- Discuss examples of which companies are and are not social enterprises and what constitutes the difference(s). Think, for example: Ben & Jerry's, Patagonia, Whole Foods, Tom's Shoes, Walmart, Ford and ENRON.
- Are social entrepreneurship and social enterprise new ideas?
- Who are some indicative innovators?
- Broadly speaking, what has gone on historically and is going on now in business and society that is causing these new companies to be formed worldwide, i.e. why are entrepreneurs creating them? What need are they filling? How are they different from other businesses and entrepreneurs? Why are students worldwide studying the topic?
- To what degree is the nonprofit sector embracing social enterprise and what are the opportunities, challenges and new developments?
- How is philanthropy changing to address the emergence of social entrepreneurship?

- What is venture philanthropy?
- How are funders measuring and evaluating the impact of social entrepreneurs
- What is online funding for social entrepreneurship
- What is prize funding?
- What is asset related funding?

Reading for Next Class:

- *Social Entrepreneurship for the 21st Century*, Chapter 8-10
- *The Social Intrapreneur: A Field Guide for Corporate Changemakers: pages 1-26*

Class 3 January 30: Social Impact as Value in the Private Sector

Guest Speaker(s): TBD

Discussion Topics:

- Describe the shift from entrepreneurship to enterprise
- Summarize and discuss the changing income profile of nonprofits
- Discuss the challenges and opportunities for social entrepreneurship in the nonprofit sector.
- What are social intrapreneurs?
- What role do they play?
- Discuss examples of intrapreneurship
- What are the similarities and differences between independent social entrepreneurs and intrapreneurs?

Reading for Next Class:

- *Social Entrepreneurship for the 21st Century*, Chapters 11-13

Class 4: The Social Entrepreneurship's Evolving Role in Corporations, Emerging Markets, Value Creation and Sustainability Strategies

Quiz 1: Classes 1-3 (taken as a team)

Team Reports: Part 1, 10-minutes by each team on company selection/engagement

Video & Discussion:

- Shared Value: <https://www.youtube.com/watch?v=1vK3cxnP6l411>

Discussion Topics:

- How do social enterprises fail?
- What is a hybrid corporation?
- What is the Fourth Sector?
- What legal structure(s) do social enterprises tend to use and why?
- What are the critical differences, challenges and opportunities involved in managing social enterprises versus other enterprises?
- What is micro-financing, why is it important in social entrepreneurship and how does it work?
- What is the concept of “Shared Value” and “Conscious Capitalism” and how are they impacting corporate strategy and its relationship to social enterprise?
- If social enterprise and intrapreneurship are where corporate social responsibility and nonprofit social service converge what may be their future impact on each of those sectors?
- Is social enterprise the tip of the spear of where business overall must go to remain relevant and profitable in tomorrow’s markets? If so, why or why not?

Reading for Next Class:

- *Social Entrepreneurship for the 21st Century*, Chapters 14-15

Class 5: Social Entrepreneurism and Social Enterprise in the Public Sector: Evaluating success (and failure)**Discussion Topics:**

- If part of the reward you want to earn is to improve some facet of the environment or society as well as make money, how will you know if the investment is successful?
- If established companies find it hard to not cause damage and less damage is needed to sustain the global community, where will new ideas come from and how will they get started and go to a big enough scale to have a meaningful impact, and profit to attract investment?
- What fails more often: good ideas and a weak team or a great team and a weak idea?
- What can happen in a social venture when earning more money is in conflict with making a bigger positive social impact and how might it be addressed?

- What role does leadership play in the development and growth of a social enterprise?
- Discuss the business plan requirements for the class final projects.

Readings for Next Class

- *Social Entrepreneurship for the 21st Century*, Chapters 14-15
- *From Start-up to Scale: Conversations from the Harvard Business Review - Bridgespan Insight Center on Scaling Social Impact*. Pages 3-22

Class 6: From the Field: Discussions with Practitioners from Social Enterprise & CSR

Team Reports: Part 2 10-minutes by each team on selected social enterprises

Guest Speakers: TBA

Discussion Topics:

- What does 'going to scale' mean?
- How is it done?
- How much 'scale' is enough? How do you know?
- What are some key challenges for businesses trying to go to scale? For any business and specifically for social enterprises?
- What are some methods for taking a social enterprise to scale?
- What role can major corporations, like multinationals, play in getting social enterprises to scale?

Assignment: Prepare for quiz

Class 7: Trends in Social Entrepreneurship & Enterprise

Discussion Topics:

Looking back, and forward:

- Challenges in defining social entrepreneurship and social enterprise
- Challenges, opportunities, and examples of social enterprise and 'intraprise' start-up, finance, management and scaling
- How do the ideas of social enterprise and "Conscious Capitalism" blend and how do they differ?

- Current and future trends in social enterprise, hybrid corporations, partnerships and acquisitions, government involvement, market changes, and the creation of value

Work on Team Projects

Class 8: Final Project Presentations

- **QUIZ 2: CLASSES 5-7**

Class 9: Final Project Presentations

- **FINAL** student presentations

There is no separate final exam