

MBA 740 -- Social Enterprise Management
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Fall Term 2009—Tuesday—5:45 to 9:45 pm

Introduction:

A social enterprise is an organization or venture that advances its social mission through entrepreneurial, earned income strategies.

Generating earned income through the sale of products or services is not a new concept in the field of nonprofit management. Goodwill Industries and the Honolulu Symphony are social enterprises that have been a part of the landscape on Oahu for many years. What is new is the proliferation of earned income ventures among a rich variety of nonprofit organizations. Nonprofits with missions to protect the environment have started eco-tours, human service agencies have expanded their fee for service options, and organizations have established bakeries and cafes that hire and train teens, the homeless, and those released from prisons.

The rise in social enterprises began with the decline in government funding, the increasing number of nonprofits seeking foundation grants, and the increasing need for services provided by nonprofits. Earned income and business ventures were seen as the key to the sustainability and growth of the nonprofit sector.

In addition, the dot.com boom of the early 1990's gave rise to a growing class of social entrepreneurs, and the application of business principles to nonprofit organizations was seen as a panacea to any challenges plaguing this sector. Early pioneers of this movement included the Roberts Enterprise Development Fund, J. Gregory Dees, Jed Emerson, Jerr Boschee, and Charles King. They gave birth to venture philanthropy and social return on investment, social enterprise curricula at Harvard and Duke University Business Schools, the independent Institute for Social Entrepreneurs, and the Social Enterprise Alliance.

The social enterprise movement is still in its infancy. It is exciting, dynamic, and not without controversy. Research is based on current practice in the field and as a result new opportunities and best practices are ever evolving.

Educational Objectives:

The goal of this course is to engage students in exploring the key aspects of superior performance in established nonprofit social enterprises. These include analyzing the tools used by nonprofits to create successful social enterprises, and the role social enterprise plays in building the capacity of nonprofits to contribute to the strengthening of the communities in which they operate.

It is hoped that this course will spark the imagination of the future leaders of the nonprofit community as they become change agents and seek to solve some of our most challenging social problems. Further, the development of earned income strategies and social enterprises will serve as useful tools in this effort.

Course Content and Educational Methods:

The course consists of 10 four-hour sessions organized under nine topics. The tenth class will consist of presentations or a final.

Class One: *Overview of Social Enterprise* explores the history of the social enterprise movement and its context within the field of social entrepreneurship. The dynamics of a social enterprise will be discussed and a lexicon of social enterprise terms will be presented.

Class Two: *Mission and Opportunities* will instruct the students on how to evaluate a social enterprise opportunity based on the nonprofit's mission and core competencies. The elements and significance of an agency's mission statement will be stressed.

Class Three: *Assessing and Mobilizing Resources* will examine the four phases of an entrepreneurial resource assessment. Community and internal resources, social and human capital, and intangible resources will be explored.

Class Four: *Donor, Investor, Lender* presents the challenges facing social enterprises as they seek start-up and growth capital. Venture philanthropy and the social capital market will be examined.

Class Five: *Measuring Performance* for a social enterprise explores the concepts of social return on investment, balancing the double bottom line, and developing a program logic model.

Class Six: *Forging Alliances* is an increasingly integral part of social enterprise strategy. Cause related marketing, partnerships, and joint ventures present risks and benefits, and managers of social enterprises should have an understanding of these opportunities.

Class Seven: *Going to Scale* may be the result of carefully planned action or an immediate response due to the pull of the market. A social enterprise may scale up or deep and the implications for both will be examined. Corporate structural changes also may be required.

Class Eight: *Tax Liabilities and Corporate Structuring* are significant planning and growth issues for any social enterprise. Unrelated business income tax and general excise tax are potential liabilities that may require a new corporate structure for a social enterprise.

Class Nine: *Social Enterprise in Emerging Markets* is an opportunity to look at social enterprise as an international movement. From fair trade to manufacturing to developing and selling products to increase agricultural yield and diminish poverty, social enterprise in developing countries presents unique challenges.

Class Ten: *Group Presentations/Final*

Each class will include a case study or scenarios that address the challenges that nonprofit managers encounter when starting and developing social enterprises. Case studies are based on current practice and many of the organizations are presently facing significant issues in operating their social enterprise. Whenever possible, representatives of these organizations will present the case study to the class.

Course Requirements:

25% -- Class Discussion

All students must come to class prepared to participate in the interactive lectures, discussion, and case analysis. Students will be graded on their ability to initiate and sustain class discussion. All students will be called upon in class whether he/she has indicated a desire to be approached or not.

25% -- Weekly Written Class Reflection

This paper is due to me by email by 8:30 pm on the Monday preceding class. Please limit your comments to two pages, double-spaced. The paper should include what you felt were the salient points of the lecture, class activity, and readings and your comments on them. This is the student's opportunity to assure the instructor that the student understands the course content.

30% -- Written Project

20% -- Presentation of the Project

Or

50% Final

To be Determined

Attendance is mandatory. If you are unable to attend class, please contact Ms. Little as soon as possible. If you are unable to attend class due to illness or a family emergency, make-up work will be assigned.

Required Text: *Entrepreneurship in the Social Sector*, Jane Wei-Skillern, James E. Austin, Herman Leonard, Howard Stevenson, Harvard Business School; Los Angeles: Sage Publications, 2007, ISBN – 978-1-4129-5137-1

The class syllabus includes a few readings and cases that are not available in the required text. These will be distributed to you with ample time for class preparation.

Course Schedule:

October 6, 2009

Class One—Introduction to Social Enterprise

Lecture: Review of course and expectations
Social Enterprise within the context of Social Entrepreneurship

Reading:

- 1) **Entrepreneurship in the Social Sector**, Chapter One, Social Entrepreneurship-Need and Opportunity, pp. 1-7
- 2) Prior to class, please pick up this packet of readings at the School of Business Office. The packet to include:
 - a) **NESsT Social Enterprise Ethics, Commitment to Integrity, Guiding Principles for Nonprofits in the Marketplace**
 - b) **Social Enterprise Lexicon**
 - c) **Social Enterprise – the fledging fourth sector**
 - d) **Social Entrepreneurship: The Case for Definition**

Please complete all of these readings prior to class.

Case Analysis: Juma Ventures, www.jumaventures.org, please review this nonprofit on its web site

As additional preparation for next week, please bring in the mission statement from three different nonprofits.

October 13, 2009

Class Two--Mission and Discovering Opportunities

Lecture: Understanding mission and seeking opportunity

Reading: **Text**, Chapter Two, The Social Entrepreneurial Process, pp. 9-25 and Case 2.1 – Steve Moriotti and NFTE

Case Analysis: The Study of Community Child Care Assistance (Handout)
Steve Moriotti and NFTE

October 20, 2009

Class Three – Assessing and Mobilizing Resources

Lecture: Assessing and mobilizing resources

Reading: Text, Chapter 4, Earning Your Own Way, pp.135-148 and Case 4.1 IPODERAC and Case 4.2 Newman's Own, Inc.

**Case Analysis: IPODERAC
Newman's Own, Inc.**

October 27, 2009

Class Four—Donor, Investor, Lender?

Lecture: Securing capital for your social enterprise

Reading: Text, Chapter 3: Navigating the Philanthropic Labryrith, pp. 63-79 and Case 3.1 Peninsula Community Foundation and Case 3.2 New Schools Venture Fund

Case Analysis: Peninsula Community Foundation and New School Venture Fund

November 3, 2009

Class Five—Measuring and Managing Performance

Lecture: Program logic model and social return on investment

Reading: Text, Chapter 7, Measuring Performance, pp. 321-340 and Case 7.2 Playgrounds and Performance: Results Management at KaBOOM

www.redf.org/publications-sroi.htm#ship This is a collection of articles by Roberts Enterprise Development Fund on Social Return on Investment. REDF is the premier researcher on SROI. Please read REDF's Current Approach to SROI and the subsequent chapter from a Report From the Good Ship SROI. You will need to register to access these articles.

Case Analysis: Please review the following SROI Reports on the REDF website – Rubicon Bakery, Nu2U and Nu2U2, and Ashbury Images. Please compare them and be able to discuss which one you determine has the best return on social investment using REDF's formula.

Case Analysis: In class, we will develop the program logic model for a social enterprise.

Case Analysis: KaBOOM

November 10, 2009

Class Six—Crafting Alliances

Lecture: Crafting Alliances—benefits and risks

Reading: **Entrepreneurship in the Social Sector**, Chapter Five, Crafting Alliances, pp. 191-201 and Case Study 5.2 – KaBOOM! pp. 230-259

Please review the United Cerebral Palsy Association's web site at www.ucpahi.org. Please pay specific attention to their programs and Form 990. Form 990's are available on www.guidestar.org

Presentation:

Donna Fouts, Executive Director of United Cerebral Palsy Association of Hawaii, will speak about their alliance with Savers, Inc.

November 17, 2009

Class Seven—Going to Scale

Lecture: The challenges of scaling up or deep

Reading: **Entrepreneurship in the Social Sector**, Chapter 2: Managing Growth, pp. 259-267 and Case 6.2 – Sustainable Conservation – Where Next?

Business plan for MA'O Organic Farms – (Handout)

Guest Speaker: Gary Maunakea-Forth, director of MA'O Organic Farms, will speak to the class on the growth and evolution of MA'O Organic Farms.

November 24, 2009

Class Eight—Tax liabilities and Corporate Structure

Lecture: Unrelated business income tax, general excise tax, and corporate structure

Reading: Social Entrepreneurship—The Art of Mission-Based Venture

Development, by Peter Brinckerhoff, Chapter 10 – “Technicalities: Unrelated Business Income Tax and Corporate Structuring, pp. 175-199 (Handout)

Scenario analysis: Tax ramifications, corporate structure analysis—United Cerebral Palsy, Hawaii Centers for Independent Living, El Puente Community Development Corporation

December 1, 2009

Class Nine—Social Enterprise in Emerging Markets

Lecture: Social enterprise in developing countries

Reading: Generating and Sustaining Nonprofit Earned Income, Edited by Sharon M. Oster, Cynthia W. Massarsky, and Samantha L. Beinhacker of the Yale School of Management—The Goldman Sachs Foundation Partnership on Nonprofit Ventures, Chapter Twelve, Supporting Nonprofit Enterprise in Emerging Markets, pp. 181-203 (Handout)

Cases: Vida Gas, www.villagereach.org
Guayaki, www.guayaki.com

December 8, 2009

Class Ten

Presentations/Final – to be determined