Social Entrepreneurship Course Syllabus
(Draft, March 2005)
Graduate School of Management
University of California, Davis
Spring 2005, Tuesdays 6 – 9 pm

Instructor: Cleveland Justis   Office:
Email:ctjustis@ucdavis.edu   Phone: 415-264-1875
Office Hours: By appointment

Course Description:

Social entrepreneurship is a rapidly developing and changing business field in which business and nonprofit leaders design, grow, and lead mission-driven enterprises. As the traditional lines blur between nonprofit enterprises, government, and business, it is critical that business students understand the opportunities and challenges in this new landscape. Through guest speakers, case discussion, lecture, and student presentations this course will explore this emerging field. Students will be expected to develop a business plan for a social enterprise. Because the field of social entrepreneurship is interdisciplinary and in its infancy, the course will be introductory in nature and will draw heavily from cases, speaker experience, and student inquiry.

The course will be structured around three elements that will be interwoven throughout:

1. The field of social entrepreneurship.
2. The players and business structures used by social entrepreneurs.
3. The mechanics, tensions, and realities of starting and/or managing a social enterprise.

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

- **Sustainability** – How are social entrepreneurs funding their enterprises? How is the enterprise sustaining itself financially?
- **Impact and Performance** – What is the impact of the enterprise? Which tools are available to measure the impact and effectiveness of social enterprises?
- **Innovation** – Social entrepreneurs are innovators who create change. How do they create and spread this innovation and change?
- **Leadership** – What are the characteristics of social entrepreneurs’ leadership?

Course Objectives:

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

- Have gained an understanding of the field of social entrepreneurship and understand many of the opportunities, challenges, and issues facing social entrepreneurs.
- Have met leading social entrepreneurs who are using business skills to address complex social problems.
- Develop a business plan for a social venture.
Prerequisites:

Other than core finance and marketing classes, there are no prerequisites for this class. This course will draw heavily upon the core classes, and will give students an opportunity to integrate the content from these core classes.

Grading and Class Participation:

There are five items that will comprise your grade. All assignments need to be turned in on-time. Details on the assignments will be distributed separately:

1. Social enterprise summary. Due on the second class. (5% of grade).
2. Conceptual proposal of business plan. Due on the third class (5% of grade).
3. Case write-ups/presentations. Each student will be responsible for one group case presentation and one case write-up (15% of grade each).
4. Business plan and class presentation. Written plan is due on week 9, presentation will take place on week 10. (35% of grade).
   • Working in groups of two to four people, develop a “business plan” for a new social enterprise of your design.
5. Class participation. (25% of grade).

Attendance and Class Participation:
This class will rely heavily on the interaction between the students, me, 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 arrange with me in advance. Missing more than one class session may adversely affect your class participation grade.

Required Readings:
1. Course reader. Collection of readings and cases that are listed under individual class sessions.

Recommended Reading:
Detailed Class Schedule:

April 5, 2005: Introduction to Social Entrepreneurship

Reading:

April 12, 2005: Social Entrepreneurship and the for-profit setting

Assignment due:
- 2 page write-up of a social enterprise.
- Five-minute presentation of social enterprise

Reading due:
- Brinckerhoff, Chapters 1-2.
- Some Thoughts on Business Plans, Sahlman.

Case:
- Patagonia

April 19, 2005: Philanthropy and Hybrid Ventures

Assignment due:
- 1 page summary of intended business plan concept

Reading:
- “The Citizen Sector: Becoming as Entrepreneurial and Competitive as Business”, Drayton
- Brinckerhoff, Chapters 3-5.

Case:
- Newman’s Own
April 26, 2005: Nonprofits, Governments, and Social Entrepreneurship

Reading:
- Brinckerhoff, Chapters 6-8.

Friday, April 29, 2005: Optional visit to Clif Bar, Inc. in Berkeley, Time: TBA in afternoon

May 3, 2005: Measuring and Managing Performance

Reading:
- Brinckerhoff, Chapters 10-12.

May 10, 2005: Capital/Funding/Financing

Assignment due: Progress report on business plan development.

Reading:
- “The Replication of Social Venture Partners,” Evans School of Public Affairs.
- Brinckerhoff, Chapter 9.

Cases:
- New Schools Venture Fund (A)
- Northeast Ventures

May 17, 2005: Marketing in Social Ventures

Reading:
- Focusing the Social Marketing Concept, Rangan et al.
- “A Roadmap for Natural Capitalism”, Lovins et al.

May 24, 2005: The tensions/challenges

Case:
- Nature Conservancy

May 31, 2005: Other Important Issues: Scaling/Legal issues/Change

Assignment due:
- Written copy of completed business plan

June 7, 2005: Final presentations and conclusion

Assignment due: Student presentations of business plans, entrepreneur feedback
The Roberts Enterprise Development Fund (REDF)
38 Keyes Avenue, Suite 100; PO Box 29566; San Francisco, CA 94129-0566
(415) 561-6677; http://www.redf.org or info@redf.org
REDF is a project of the Roberts Foundation in the San Francisco area. It was created to "expand economic opportunity for homeless and very low-income individuals through the creation of social purpose business ventures." The REDF provides multi-year funding to social entrepreneurs and access to business technical assistance from MBA interns, and access to the marketplace through its Partners-for-Profit.

VenturePhilanthropyGuide.org
http://www.venturephilanthropyguide.org
Created by Natasha van Bentum, a fundraiser for Greenpeace Canada, in Vancouver, this Web site provides information about venture philanthropy -- a movement that seeks to apply some of the techniques of venture capitalism to the nonprofit world -- and discusses the challenges it poses for fund raisers. The site also offers links to organizations that promote venture philanthropy and to articles and Web sites that provide additional information.

Ewing Marion Kauffman Foundation
4801 Rockhill Road; Kansas City, MO 64110-2046
816-932-1000; www.emkf.org or info@emkf.org
This foundation strives to identify unfulfilled societal needs and to develop, implement and/or fund breakthrough solutions in the areas of education, and entrepreneurship, including not-for-profit entrepreneurship. The Kaufman Foundation has been at the forefront of supporting and financing the development of the social entrepreneurship sector.

Social Venture Partners
1601 Second Ave., Suite 605; Seattle WA 98101
(206) 374-8757; www.svpseattle.org or info@svpseattle.org
A nonprofit, volunteer-driven organization dedicated to addressing social and environmental issues in the King County region of Washington. Each Partner commits to a minimum annual contribution of $5,500 for at least two years. As responsible investors, Partners have a genuine interest in providing whatever it takes to help bolster the success of every one of their "investees". SVP model has been duplicated in the following cities/areas: Arizona, Austin, Boulder County; Boston, British Columbia, Calagary, Central Florida, Cleveland, Dallas, Denver, Houston, Kansas City, Minnesota, New York, Pittsburgh, Portland, San Francisco Bay Area, San Diego, and St Louis. SVP affiliates starting soon: Alaska, Chicago, Delaware, London, Orange County, Tokyo Bay, Toronto, and Washington, DC. SVP will help develop other sites as well.

The Denali Initiative
1650 Metropolitan Street, Suite 250; Pittsburgh, PA. 15233
(412) 322-1773, X201; denali@mcg-btc.org
The Denali Initiative is an opportunity for leaders in the nonprofit sector to become more entrepreneurial in their efforts to meet community needs. The program provides participants with the skills, tools and capital they need to implement outstanding social enterprise projects.

Social Enterprise Alliance
43 South Cassady Road; Columbus, OH 43209
(614) 235-0230; www.se-alliance.org
The two organizations National Gathering for Social Entrepreneurs and SeaChange have merged to form the new organization -- Social Enterprise Alliance. This is the only membership organization devoted exclusively to building nonprofits through earned income strategies. The purpose of this new organization is to improve the effectiveness and sustainability of nonprofit organizations that employ earned income strategies to achieve social objectives and to engage others who support these endeavors.
EntreWorld
http://www.entreworld.com/
This web site is supported by the Kaufman Center for Entrepreneurial Leadership and is geared towards the for-profit world but contains many resources that would be of interest to any entrepreneurial organization. EntreWorld is designed to increase staff productivity by getting them essential information as quickly and easily as possible. Recognized by USA Today, Forbes, Inc. and Fast Company as a premier online resource for small business owners, the EntreWorld search engine delivers the best and most useful information, guidance and contacts for the entrepreneur.

Harvard Business School Initiative on Social Enterprise (The Initiative on Social Enterprise)
Harvard Business School
Loeb 34, Soldiers Field; Boston, MA 02163
(617) 495-6421; se@hbs.edu
The Initiative provides extensive research, publications, executive education and MBA courses and conferences.

The Center for Entrepreneurial Leadership Clearinghouse on Entrepreneurship Education
CELCEE c/o UCLA 325G Moore Hall
405 Hilgard Avenue; Los Angeles, CA 90095
1-888-4-CELCEE (1-888-423-5233); celcee@ucla.edu or http://www.celcee.edu
CELCEE acquires information related to entrepreneurship education from diverse sources, including journal articles, websites, syllabi, conferences, pamphlets, curriculum guides, government publications, videos, books, computer software, and more. Rather than scour libraries, government offices, universities, private collections, and other locations for relevant materials, CELCEE allows you to conduct all your research from one easy-to-access online source.

Social Entrepreneurship: Mobilizing Resources for Success
By Gregory Dees, Stanford Business School
Grantsmanship Center Magazine, Issue 44. Summer 2001 Issue
TGCI, Department DD-W; PO Box 17220; Los Angeles, CA 90017
(212) 482-9860; www.tgci.com
If you are a staff member of a nonprofit organization or government agency you can receive a free subscription to the Grantsmanship Center magazine. To subscribe see on-line form or mail request.

Merging Mission and Money: A Board Member's Guide to Social Entrepreneurship
National Center for Social Entrepreneurs
www.socialentrepreneurs.org

Nonprofit Times Column: Insights from the National Center on Social Enterprise Pricing in the Nonprofit Sector
By Sharon Oster
Yale School of Management
www.nationalcne.org/pubs/oster01.htm

Generating New Resources of Revenue, and Not Just Raising Funds for Consumer Directed Programs, 2002
Leah Dobkin
NCOA
409 3rd Street SW; Washington, DC 20024
800-424-9406; www.ncoa.org

Unleashing New Resources and Entrepreneurship for the Common Good a Can, Synthesis, and Scenario for Action, January 1999
By Thomas K. Reis and Stephanie J. Closhesy
WK Kellogg Foundation; (616) 969-2160
Nonprofit_entrepreneurship
Andrew Horsnell, Co-founder of Authenticity Consulting
http://www.egroups.com/group/nonprofit_entrepreneurship
An online forum for discussing business ventures by nonprofit organizations. Topics of discussion include how to measure whether a charity is ready to start a business, identify business opportunities, and develop a business plan, as well as the risks and benefits of starting a for-profit venture.

The Social Entrepreneur's Resource Page
Roberts Enterprise Development Fund
http://www.redf.org
This Web site includes the fund's 1996 book, *New Social Entrepreneurs: The Success, Challenge, and Lessons of Non-Profit Enterprise Creation*, which can be downloaded. The book profiles 22 charities in the San Francisco area that have started businesses to provide employment for homeless people and discusses what it takes for a nonprofit business venture to succeed. The site also offers advice to nonprofit organizations that are considering whether to start a business venture and links to Web sites that provide additional information.

Venture Philanthropy Partners
1201 15th St. NW, Suite. 420; Washington, DC 20005
www.venturephilanthropy.org or feedback@venturepp.org
Venture Philanthropy Partners prepared a useful report called *Effective Capacity Building in Nonprofit Organizations* published by McKinsey & Company, that brings some common language to the discussion of capacity building and offers insights and examples of how nonprofits have pursued building up their organizational muscle. The report contributes to the growing national conversation about how to help nonprofits become stronger, more sustainable and better able to serve their communities. McKinsey & Company prepared the study at the request of VPP. McKinsey also developed a practical assessment tool for this report that nonprofits can use to measure their own organizational capacity.

Authenticity Consulting
4008 Lake Drive Avenue North; Minneapolis, MN 55422-1508
(763) 971-8890/800-971-2250; http://www.np-biz-dev.com/#anchor1135576LLC or www.authenticityconsulting.com
Has free resources about organization development and social entrepreneurship and a free on-line assessment of nonprofits "health" at www.managementhelp.org

Books and Videos

Joint Ventures Involving Tax-Exempt Organizations, Second Edition
By Michael I. Sanders
John Wiley & Sons; 595 pages; $200
(201)748-6000; www.wiley.com
Explains the regulations and laws that govern joint business ventures involving charities and businesses. Outlines tests that the Internal Revenue Service uses to evaluate such ventures. Other topics discussed include the unrelated-business income tax, which the IRS levies on money raised through activities it determines to be outside an organization's charitable mission; debt-financed income; bonds; investing through limited-liability companies; and for-profit partnerships between businesses and universities, business leagues, and foreign organizations.
The Nonprofit Entrepreneur  
Edited by Edward Skloot  
The Foundation Center; 170 pages; $19.95 plus $4.50 postage and handling  
79 Fifth Avenue; New York, NY 10003  
(800) 424-9836; http://fdncenter.org  
Explains how nonprofit organizations can run successful business enterprises that generate income and help the organization carry out its mission. Includes case studies. Published by The Foundation Center.

Social Purpose Enterprises and Venture Philanthropy in the New Millennium, Volumes I, II, and III  
The Roberts Enterprise Development Fund; 416 pages; $35 including postage and handling  
(415) 561-6677; www.redf.org  
Three-volume set that examines businesses that are owned and operated by nonprofit groups and exist for the sole purpose of employing poor, unskilled workers. Volume I, Practitioner Perspectives, written by directors and managers of social-purpose businesses, addresses the difficulties inherent in such ventures. Volume II, Investor Perspectives, presents the insights of the people and organizations that fund these businesses. Volume III, Practitioner Profiles, features the personal stories and strategies of a variety of people who have founded social-purpose enterprises.

The Unrelated Business Income Tax  
By Gerald M. Zack  
Nonprofit Resource Center; 150 pages; $36 for members, $49 for non-members  
1700 Rockville Pike, Suite 400; Rockville, MD 20852  
(800) 883-6247; http://www.nonprofitresource.com  
Explains the tax that nonprofit organizations must pay on income from business ventures that are not related to their missions. The Nonprofit Resource Center Internet Service is a Web site which includes a searchable database of businesses that provide important products and services to nonprofit organizations.

Nonprofit Piggy Goes To Market  
The Society For Nonprofit Organizations; non-member price: $13 member price: $10  
5820 Canton Center Road, Suite 165; Canton, MI 48187  
(734) 451-3582; http://www.snpo.org  
Must reading for organizations considering projects and programs to create new, unrestricted income streams.

Social Entrepreneurship  
By Jerr Boschee  
http://www.snpo.org  
The Learning Institute For Nonprofit Organizations  
From the award-winning "Excellence In Nonprofit Leadership And Management" series, this entertaining Videotape deals with using entrepreneurial strategies to further social causes. It sheds light on why nonprofits are aggressively adopting entrepreneurial strategies, and it provides a tool for assessing activities from both a mission and an earned income perspective. Viewers will also learn more about the critical success factors identified by pioneers in the field. CEUs are available from the University of Wisconsin-Extension for viewing the tape and completing included assignments. CEUs and a "Certificate of Excellence in Nonprofit Leadership And Management" are available for viewing and completing all assignments in the eight-part series: "Strategic Planning," "Resource Development," "Board Governance," "Marketing," "Mission-Based Management," "Social Entrepreneurship," "Volunteer Management," and "Strategic Alliances." Videotape (Group Presentation Module): purchasers are entitled to use the videotape as often as they'd like for non-broadcast, group presentations and to charge an admission fee.
**Venture Fund Initiated**
(201) 894-8950; http://ventures.yale.edu or venturesinfo@yale.edu
The New Pew Memorial Trust funded $3 million over 3 years to Yale University for the Business Plan Competition for Nonprofits. The grant was approved September 2001 in support of the Business Plan Competition for Nonprofits, an initiative to provide targeted guidance and resources to existing nonprofits most capable of launching and operating revenue-generating business ventures.

**A Nonprofit Guide To Developing And Implementing An Income Stream Venture**
Clohesy Consulting
1008 W 18th Street; Cedar Falls, IO 50613
(319)277-4130; Clohesy-consulting@cfu.net
Builds upon the excellent Q&A from Roberts Enterprise Development Fund.

**Social Enterprise Initiative, Harvard Business School Supplement to Nonprofit and Voluntary Sector**
Quarterly, Vol. 29, Number 1, Supplement 2000
http://www.hbs.edu/socialenterprise/storyarchive/research/summer99.r2.html or http://www.hbs.edu/socialenterprise
A special issue on corporate nonprofit relationships and differences. There are a number of good articles in this journal. Check it out.

**Generating New Resources and Not Just Raising Funds for Consumer Directed Programs**
By Leah Dobkin
National Council on Aging
409 Third Street SW, Suite 200; Washington DC 20024
800-424-9046; www.ncoa.org or www.consumerdirection.org