

DARTMOUTH COLLEGE
Nelson A. Rockefeller Center

Public Policy 43/Economics 77
Social Entrepreneurship

Professor Andrew Samwick
Summer 2014

Course Description:

Public Policy 43/Economics 77 provides an introduction to the theory and practice of social entrepreneurship, defined generally as the process of finding innovative, sustainable solutions to social problems and, more specifically for this course, social problems that are a cause or consequence of poverty.

Course Objectives:

The course has three objectives. First, students will understand the nature and causes of poverty, in both domestic and international contexts, as well as the emergence of social entrepreneurship as a means of addressing poverty. Second, students will learn about the process of social innovation and the way social entrepreneurs have transformed those innovations into poverty-relieving initiatives. Third, as a means of experiential learning, students will build on the first two objectives to identify manageable aspects of the larger problem of poverty and to propose, refine, and pitch a venture to address that aspect.

It is expected that the best of these ventures will be eligible for continued support from the Rockefeller Center and for additional development in the new campus Innovation Center.

This course serves either as a “Policy Methods Course” for the Public Policy Minor or as a course, not part of a sequence, in the Economics Major or Minor.

Prerequisites: Economics 1 and one course conveying quantitative or qualitative research methods. Options include: Public Policy 10, Economics 10, Government 10, Mathematics 10, Psychology 10, Sociology 10, Mathematics and Social Sciences 15, Geography 11, Geography 50, Sociology 11, or Education 11.

Course Readings:

The following three books are required. They are available at Wheelock Books and at Amazon.com using the links below. The first will serve as a textbook for the course, laying out the intellectual framework to understand the process and impact of social entrepreneurship. The second focuses the work of Muhammad Yunus, whose pioneering work in microfinance in Bangladesh helped launch and define the field of social entrepreneurship and was honored with the 2006 Nobel Peace Prize. The third provides a more general overview of the field of social entrepreneurship as it has developed, including what differentiates social entrepreneurship from the work of the more traditional private sector, the non-profit sector, and the public sector.

Brooks, Arthur C. (2008). *Social Entrepreneurship: A Modern Approach to Social Value Creation*. Upper Saddle River, NJ: Pearson Prentice-Hall.
<http://www.amazon.com/Social-Entrepreneurship-Arthur-C-Brooks-ebook/dp/B001NOZET4>

Yunus, Muhammad (2010). *Building Social Business: The New Kind of Capitalism that Serves Humanity's Most Pressing Needs*. New York: PublicAffairs.
<http://www.amazon.com/Building-Social-Business-Capitalism-ebook/dp/B003KK55DO>

Bornstein, David and Susan Davis (2010). *Social Entrepreneurship: What Everyone Needs to Know*. Oxford: Oxford University Press.
<http://www.amazon.com/Social-Entrepreneurship-Everyone-Needs-ebook/dp/B003E1BGWI>

Review the material from your Economics 1 course on “Supply and Demand,” “Market Efficiency,” “Externalities,” and “Inequality and Poverty.” If you used the *Principles of Economics* textbook by Mankiw, these are Chapters 4, 7, 10, and 20. A copy of this textbook is on Reserve.

Sections of these books are referred to in the Course Outline below by the last name of the author highlighted in bold. All other readings are listed in the Course Outline, along with links to where they may be downloaded from any Dartmouth computer.

Many of these other readings are business cases. Learning about entrepreneurship, particularly learning that will lead to a new entrepreneurial venture, happens by studying examples of past successes and failures. These cases have been selected because they address general principles common to all ventures or they illustrate a style of innovation that could be applied for social entrepreneurship. All cases will be available for purchase as a set directly through Harvard Business School Publishing.

Course Grading:

Your grade in the course is determined by your participation in classroom discussions and your performance on writing, research, and speaking assignments. For students who complete all of the assignments, the final course grade will be determined based on those assignments as follows:

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|-----------------------|-----|
| Class Participation: | 15% |
| Homework Assignments: | 20% |
| In-Class Exam: | 20% |
| Business Model: | 45% |

1) Class Participation

Class participation consists of your contributions to the discussion and analysis of social entrepreneurship during the class period. To do well in this aspect of the course, you must come to class having done the assigned reading and any other preparatory assignments and having thought about how the material in the reading and assignments relates to the larger objectives of the course.

2) Homework Assignments

There will be short homework assignments due at the start of most class periods. These assignments will consist of a few questions drawn from the assigned reading and relevant to the In-Class Discussions or Exercises. They ensure that you are keeping up with the assigned reading, come to class prepared to contribute to discussions, and develop the analytical skills and creative processes that will enable you to put together your own business model.

3) In-Class Exam

There will be one exam in the course, scheduled for the class period of **August 5**, covering the lectures, discussions, and homework assignments on poverty, innovation, and social entrepreneurship.

4) Business Model

For this project, you will work in teams of 2-3 students to develop and present a business model for a social enterprise that generates net income for those in poverty or increases the purchasing power of low-income households by reducing the cost of a product or service on which they typically spend money. This assignment will require you to research the need for the enterprise's product or service and the latent customer demand for the product or service; to design a product or service that draws from the class discussions of innovation; and to present your business model in both written and oral form. Both presentations will be uploaded to a website for your enterprise and can serve as the basis for subsequent work to launch your idea.

Due Dates for this project:

Wednesday, July 30, 5:00 p.m.: Latest time to submit an outline of the business idea.

Wednesday, August 13, 5:00 p.m.: Latest time to submit rough drafts of the project.

Tuesday, August 19: Oral presentations of projects during class period.

Thursday, August 21, 5:00 p.m.: Latest time to submit final drafts of the project.

Your grade on this assignment is a combination of your grades on the rough draft (20%), the oral presentation (30%), and the final draft (50%).

Additional Information:

Class Meetings: Rockefeller 2 [to be confirmed], TTh 2:00 – 3:50 p.m. (x-period W 4:15 – 5:05 p.m.). No use of the X-period is planned for this term, but students are expected to keep the X-period open in case it is needed. You should check with me before taking on an obligation that would conflict with any X-period should it be needed.

There are two meetings outside of regularly scheduled class meetings that all students must attend:

1. On **June 20 – 21**, the whole class will participate in *The Startup Experience*, a two-day workshop that helps students to build creative capacity and entrepreneurial confidence and to find inspiration for future ventures. The workshop lasts from the late afternoon on Friday, June 20, to the late afternoon on Saturday, June 21, and is open to the whole Dartmouth community.
2. On **August 19**, the last day of class, we will have oral presentation of business models. You should expect to stay beyond the end of class to ensure that all teams have an opportunity to present to the whole class. We will have a celebratory dinner when all presentations are finished.

Office Hours: Rockefeller 112, Wednesdays, 2:00 – 4:00 p.m. Regular office hours are on a walk-in basis. If you need to see me at other times, please schedule an appointment through e-mail. I can also be available for office hours via Google Hangouts some evenings.

Honor Principle: Students are expected to follow the College's guidelines for the proper attribution of sources in the conduct of their own research. While offering assistance to fellow classmates is encouraged, all written, oral, and computer assignments that are not group-based are expected to reflect each student's own individual work. All in-class, graded assignments will be timed and done without reference to books, notes, or computers unless otherwise specified. Any student referring to such materials or giving or receiving assistance during a graded assignment violates the Academic Honor Principle.

Equal Access: Students with learning, physical, or psychiatric disabilities who may need disability-related classroom accommodations are encouraged to make an appointment as soon as possible. The Academic Skills Center will be asked to verify that the student is approved for these services. All discussions will remain confidential, although the Student Disabilities Coordinator may be consulted to discuss appropriate implementation.

Religious Observances: Some students may wish to take part in religious observances that occur during this academic term. If you have a religious observance that conflicts with your participation in the course, please meet with me before the end of the second week of the term to discuss appropriate accommodations.

Course Outline:

Assigned readings are to be completed **before** the class period during which they will be discussed unless otherwise noted.

Thursday, June 19, Welcome and Introduction

Overview of course subject matter, logistics, and assignments.

Background reading (e-mailed to be read in advance):

Martin, Roger L. and Sally Osberg. (2007). "Social Entrepreneurship: The Case for Definition." *Stanford Social Innovation Review* (Spring), 28 – 39.
http://www.ssireview.org/articles/entry/social_entrepreneurship_the_case_for_definition

Additional Reading (need not be done in advance):

Bornstein, Part I, Defining Social Entrepreneurship, pages 1 – 47.

In-Class Exercise: Applying an entrepreneurial mindset to the problem of campus safety

Friday, June 20 – Saturday, June 21, *The Startup Experience*

This one and a half day workshop will be held in Collis Common Ground. See <http://www.startupexperience.org>.

Tuesday, June 24, *The Startup Experience*

Assigned reading (to be done in advance):

Sahlman, William A. (1997). "How to Write a Great Business Plan," *Harvard Business Review*. (July-August).
<https://cb.hbsp.harvard.edu/cbmp/product/97409-PDF-ENG>

Blank, Steve (2013). "Why the Lean Startup Changes Everything," <http://bit.ly/BlankLeanStartup> *Harvard Business Review*. (May).

Bornstein, Part II, Challenges of Causing Change, pages 48 – 74.

Bornstein, Part III, Envisioning an Innovating Society, pages 75 – 128.

In-Class Exercise: Reflections and next steps on *The Startup Experience*

Thursday, June 26, Background on Domestic Poverty

Assigned reading (to be done in advance):

“The War on Poverty 50 Years Later: A Progress Report,” Chapter 6 in *The Economic Report of the President* 2014.

<http://www.gpo.gov/fdsys/pkg/ERP-2014/pdf/ERP-2014-chapter6.pdf>

“Learning from Concentrated Poverty in America: A Synthesis of Themes from the Case Studies,” in *The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S.* Washington: The Federal Reserve System and the Brookings Institution, 2008, 169 – 194.

<http://www.frbsf.org/cpreport>

Gudrais, Elizabeth (2014). “Disrupted Lives,” *Harvard-Magazine*. January-February. <http://harvardmagazine.com/2014/01/disrupted-lives>

In-Class Discussion: Apartment Angel, <http://www.apartmentangel.org>
Community Development Financial Institutions (CDFIs), <http://bit.ly/TribuneShorebank>
and <https://www.upbnk.com/>

Tuesday, July 1, Global Poverty, Foreign Aid, and Microfinance

Assigned reading (to be done in advance):

Yunus, Chapter 1, Why Social Business

Yunus, Chapter 2, Growing Pains

Gates, Bill and Melinda Gates (2014). Gates Foundation Annual Letter.

<http://annualletter.gatesfoundation.org/>.

Sachs, Jeffrey (2014). “The Case for Aid,” *Foreign Policy*. (January 21).

http://www.foreignpolicy.com/articles/2014/01/21/the_case_for_aid

Easterly, William (2014). “The Aid Debate Is Over: The Failure of Jeffrey Sachs’ Millennium Villages,” *Reason*. (January).

<http://reason.com/archives/2013/12/26/the-aid-debate-is-over>

Karnani, Aneel. (2007). “Microfinance Misses its Mark.” *Stanford Social Innovation Review*. (Summer), 34 – 40.

http://www.ssireview.org/articles/entry/microfinance_misses_its_mark

In-Class Case Discussion: Instiglio, <http://www.instiglio.org>

Thursday, July 3, Social Entrepreneurship in the Developing World

Assigned reading (to be done in advance):

Yunus, Chapter 4, To Cure One Child

Yunus, Chapter 6, Grameen Veolia Water

[You should read the rest of Yunus' book before the exam, but not necessarily for this class period.]

Kochi, Erica (2012). "How the Future of Mobile Lies in the Developing World," *TechCrunch* (May 27).

<http://techcrunch.com/2012/05/27/mobile-developing-world/>

Marya, Radhika (2013). "Cellphones are Now Essentials for the Poor," *USAToday* (September 14).

<http://www.usatoday.com/story/money/personalfinance/2013/09/14/cellphones-for-poor-people/2805735/>

Chapman, Keith (2013). "Can a Class Project Become a Business? '14s Give It a Shot," *Dartmouth Now*. (October 14).

<http://now.dartmouth.edu/2013/10/can-a-class-project-become-a-business-14s-give-it-a-shot/>

In-Class Case Discussion: Street Food Biodiesel

Tuesday, July 8, Social Enterprises as Redistribution in an Economic Framework

Assigned reading (to be done in advance):

Review the material from your Economics 1 course on "Supply and Demand," "Market Efficiency," "Externalities," and "Inequality and Poverty." If you used the *Principles of Economics* textbook by Mankiw, these are Chapters 4, 7, 10, and 20. A copy of this textbook is on Reserve.

Furman, Jason. (2005). "Wal-Mart: A Progressive Success Story." Mackinac Center for Public Policy. November 28.

<http://www.mackinac.org/archives/2006/walmart.pdf>

Teixeira, Thales S. and Elizabeth Anne Watkins (2013). "Freemium Pricing at Dropbox," Harvard Business School Case 9-514-053.

<http://bit.ly/DropboxCase>

In-Class Case Discussion, Dropbox, <http://www.dropbox.com>

Thursday, July 10, From Ideas to Innovations to Social Entrepreneurship Opportunities

Assigned reading (to be done in advance):

Brooks, Chapter 1, An Introduction to Social Entrepreneurship

Brooks, Chapter 2, Ideas and Opportunities

Bhide, Amar V. (1994). "How Entrepreneurs Craft Strategies that Work," *Harvard Business Review*. (March-April).

<https://cb.hbsp.harvard.edu/cbmp/product/94202-PDF-ENG>

Reading to review previous concepts:

Brooks, Chapter 3, Developing the Social Enterprise Concept

Brooks, Chapter 4, Social Enterprise Business Plans

Optional Reading:

Corner, Patricia Doyle and Marcus Ho. (2010). "How Opportunities Develop in Social Entrepreneurship." *Entrepreneurship: Theory and Practice*, Vol. 34, No. 4 (July), 635 – 659. <http://onlinelibrary.wiley.com/doi/10.1111/j.1540-6520.2010.00382.x/abstract>

In-Class Case Discussion: End-of-Chapter examples from Brooks, Chapters 1 and 2

Tuesday, July 15, Recognizing Opportunities in Macroeconomic, Demographic, or Technological Change

Assigned reading (to be done in advance):

Eisenmann, Thomas R., Pao, Michael, and Barley, Lauren (2012). "Dropbox: 'It Just Works,'" Harvard Business School Case 9-811-065.

<http://bit.ly/DropboxCaseWorks>

In-Class Case Discussion: Premama, <http://www.drinkpremama.com>

Thursday, July 17, Building a Business around Donated Inputs and Outputs

Assigned reading (to be done in advance):

Cook, Scott (2008). "The Contribution Revolution: Letting Volunteers Build Your Business," *Harvard Business Review*. (October).

<https://cb.hbsp.harvard.edu/cbmp/product/R0810C-PDF-ENG>

Marquis, Christopher and Andrew Park (2014). "Inside the Buy-one Give-one Model," *Stanford Social Innovation Review* (Winter), 28 – 33.

http://www.ssireview.org/articles/entry/inside_the_buy_one_give_one_model

In-Class Case Discussions: Forward Tutoring, <http://www.forwardtutoring.org>

Foot Soldiers, <http://www.dellchallenge.org/projects/foot-soldiers>

Tuesday, July 22, Building a Business around a Platform

Guest lecture by Dave Girouard '88, CEO and Founder, Upstart.com,

<http://www.linkedin.com/in/davegirouard>

Assigned reading (to be done in advance):

Eisenmann, Thomas R. (2007). "Platform-Mediated Networks: Definitions and Core Concepts," Harvard Business School Case 9-807-049.

<https://cb.hbsp.harvard.edu/cbmp/content/807049-PDF-ENG>

Hallowell, Roger and Cate Reavis (2002). "Monster.com: Success Beyond the Bubble," Harvard Business School Case 9-802-024.

<https://cb.hbsp.harvard.edu/cbmp/content/802024-PDF-ENG>

"Start me up," (2013). *The Economist*, June 15.

<http://www.economist.com/news/finance-and-economics/21579490-helping-youngsters-sell-stakes-their-future-start-me-up>

In-Class Case Discussions: Upstart, <https://www.upstart.com/>, Kiva <http://www.kiva.org>

Thursday, July 24, Raising Purchasing Power through Collaborative Consumption

Assigned reading (to be done in advance):

Hart, Myra, Michael J. Roberts, and Julia D. Stevens (2005). "Zipcar: Refining the Business Model," Harvard Business School Case 9-803-096.

<https://cb.hbsp.harvard.edu/cbmp/content/803096-PDF-ENG>

Botsman, Rachel and Roo Rogers (2010). "Beyond Zipcar: Collaborative Consumption," *Harvard Business Review* (October).
<http://hbr.org/2010/10/beyond-zipcar-collaborative-consumption/ar/1>

In-Class Case Discussion: Airbnb, <http://www.airbnb.com>

Tuesday, July 29, Building a Business around an Advertising Model

Assigned reading (to be done in advance):

Edelman, Benjamin and Thomas R. Eisenmann (2011). "Google Inc." Harvard Business School Case 9-910-036.
<https://cb.hbsp.harvard.edu/cbmp/content/910036-PDF-ENG>

Weinstock, Matthew (2000). "Moving Toward a Successful Alliance," *Government Executive*. (December 1).
<http://www.govexec.com/magazine/2000/12/moving-toward-a-successful-alliance/8022/>

In-Class Case Discussion: Imagitas, <http://www.imagitas.com/>

Thursday, July 31, Venture Philanthropy

Guest lecture by Tripp Jones, Managing Director, New Profit Inc.
<http://www.newprofit.org>

Assigned reading (to be done in advance):

Brooks, Chapter 5, Measuring Social Value

Brooks, Chapter 7, Donations and Government Income

Tuesday, August 5, In-Class Exam

Thursday, August 7, Raising Funds to Support Social Enterprise

Assigned reading (to be done in advance):

Brooks, Chapter 6, Earned Income

Brooks, Chapter 8, Entrepreneurial Fundraising and Marketing

Meehan III, William F. and Georgia Levenson (2012). "Ashoka: Innovators for the Public," Stanford Graduate School of Business Case SM-203.
<https://cb.hbsp.harvard.edu/cbmp/product/SM203-PDF-ENG>

In-Class Case Discussion: Ashoka, <http://www.ashoka.org>

Tuesday, August 12, Achieving Growth and Scale

An introduction to and discussion with campus partners, including faculty and staff from the Thayer School (Human Centered Design), the Digital Arts Leadership and Innovation Lab (DALI), and the Student Innovation Center (Entrepreneurship).

Assigned reading (to be done in advance):

Brooks, Chapter 9, Launch, Growth, and Goal Attainment

Thursday, August 14, In-Class Business Model Workshop

No new reading or assignments. Class period is time for feedback on and further refinement of business models.

Tuesday, August 19, In-Class Business Model Presentations