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Social Entrepreneurship

Introduction to Social Entrepreneurship

Dr. Ian C. MacMillan, Dr. James Thompson

Course Outline



Who Should Take This Course?

- Individuals trying to address a social problem
- Agencies and charitable organizations attempting to reduce poverty
- Foundations and non-governmental organizations (NGOs) finding difficulties in funding the agencies they support, while seeing a decrease in their own resources
- Established firms seeking to deliver meaningful corporate social responsibility (CSR) programs

Charitable Organizations/Charities - an organization set up to provide help and raise money for those in need; rely on donations as their source of revenue

Non-governmental Organizations (NGOs) - non-profit

Corporate Social Responsibility (CSR) - Pledge by a business to give resources or expertise to support its workers, community and society

Resources & Costs



Feed Ingredients

Process



Feed Mixing



Bags of Feed



Delivered to Distributor



Delivery to Farmers

Solution & Revenues



Sold at Market



Farmers Rear Chickens

Impact



Protein + Income



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Describing the Social Problem

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Lecture Preview

- The importance of understanding the problem you hope to solve with your social venture
- Consider two case studies outlining the process

Describe the Problem

Before you commit resources to a venture you need to:

- Identify a specific social problem that you want to focus on
- Gather knowledge & research about the issue and consider its cause/s
- Be able to answer the questions:
 - Who is suffering?
 - What are they suffering from?
 - When did the suffering start?
 - Where are they located?
 - Why are they suffering?
 - How many people are affected?

Identify the Cause

Once you have identified the problem, try to determine what causes it:

- Example: Typhoid fever
 - Caused by virulent bacteria called *Salmonella typhi* (S. typhi).
 - Spread through contaminated food or water (occasionally through direct contact with someone who is infected. In developing nations, where typhoid fever is endemic, most cases result from contaminated drinking water and poor sanitation.
- Primary treatment: Antibiotic therapy
- Prevention:
 - Safe drinking water & improved sanitation

Describe the Problem: Zambia Feeds

Malnourishment & unemployment in Zambia

- **Who** is suffering - the undernourished and underemployed population in northwestern Zambia
- **What** are they suffering from - poor nutrition (insufficient protein consumption)
- **When** are they suffering - the problem is ongoing
- **Where** are they located - northwest Zambia
- **Why** are they suffering – difficulty in accessing affordable protein; low or no income due to low employment
- **How** many are affected - 500,000 - 1 million people

Describe the Problem: Ikotoilets

The Social Problem - Poor sanitation in East Africa

- **Who** is suffering? Crowded urban populations
- **What** are they suffering from? Preventable gastrointestinal diseases
- **When** are they suffering? Problem is ongoing
- **Where** are they located? Urban areas in East Africa
- **Why** are they suffering? Poor sanitation systems
- **How** many are affected? ~ 9 million people

Sanitation - conditions in reference to health and facilities

Key Takeaways

- Before starting your venture, you should be able to accurately describe the problem and its cause(s)



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Idea Generation and Advisory Board Formation

Dr. Ian C. MacMillan, Dr. James Thompson

How do we come up with new ideas to solve the social problem we have identified?

Idea Generation

- Many problems have already been solved somewhere else in the world
- Thorough research of any/all past attempts
 - Opportunity to build off/modify earlier attempts
 - You owe it to you beneficiaries and supporters
- The closer your problem to the earlier solution, the more you can piggyback off existing, proven experience

Idea Generation

- There is **no need to invent** new solutions – the need is to generate funds by helping people
- Create your own idea **only if you cannot find** any examples of how other people have tried

Developing a Solution

- Going it alone, or going at it differently may be sheer ego trip
- Usually dozens of programs have been tried out there
- These are widely reported – for example see <https://www.ashoka.org>



Developing a Solution

- Look at successes – and see where you may copy parts of what has worked already, what problems they had to overcome BUT don't blindly copy
- If you can, look at examples of obstacles and disappointments
 - What did they do wrong
 - How might you avoid their mistakes?

What if there are no examples we can build off?

Can't find examples of past attempts?

- Revisit root cause questions you asked before: what, how, why, who, when, where
- Now add some not questions:
 - Who is not affected and why?
 - When does it not occur and why?
 - Where does it not occur and why?

Can't find examples of past attempts?

- Time invested increases the richness and depth of understanding
- What might be changed so that this problem is reduced?
 - What changed conditions will increase the chances problem will not occur?

Map Actions

- Map out actions you can take that will reduce the incidence of the problem – do as many below as you are able
- How can you:
 - Remove reasons why people are affected?
 - Ameliorate or lessen how people are affected?
 - Reduce or improve on who will be affected?
 - Reduce the times when people will be affected?
 - Reduce the places where people will be affected?
- In each case, also ask **how your solutions** to the questions could be used to **generate revenue or funding**

Map Answer

Map all answers to your “what to change” questions on a summarizing chart:

- List **all** the possible changes that will ameliorate the problem
- Think about how you might **generate revenues or funding** from these changes. Who may **be willing and able** to provide revenues?
- List all the **sources of revenues**

Map Answer

- Now select the three to five most impactful changes that you can implement
 - Put together a one page statement that describes what changes you want to implement to attack the social problem and to generate funds in doing so
 - This is your first-cut proposed solution!
- You may realize your idea will not work and you may need to start again

Key Takeaways

- No need to invent – Try to build off others' ideas but tailor them to your specific situation
- Do thorough search for similar projects that have been tried in the past
- Learn what led to success and/or disappointment for these others
- Decided what you need to and can change and how to fund this change

What if our solution is wrong?

Closing Admonition

- Make no mistake – building a social enterprise is a LOT of work
- Be prepared to do many starts and stops
- Be prepared to do detailed work that has to be redone as you progress
- Be prepared to experience and overcome disappointments along the way
- If you are not willing to do the detailed work, and to revisit it as you progress, all you are likely to do is end up as a failure that has parasitically used scarce resources others could have used better

Start Assembling an Advisory Group

- Think of people you must turn to for help, advice, and feedback:
 - Early on recruit “on the ground” advisors = who understand the environment: market, culture, local legal issues, politics
 - Functional advisors to help you with technical and business issues (accounting, law, financing) among others
- Start out with maybe only a few informal advisors, and along the way you can add more



Stakeholder – People of interest in a business; individuals who are both directly (consumers, workers, shareholders, etc.) involved or indirectly involved (public).

Do you have an example of a good advisory group?

Develop an Advisory Group – Zambia Feeds

Ilona – Founder of Zambia Feeds

- Secured a partnership with the CEO of a corn milling company
- Found and recruited an experienced salesman with deep regional knowledge as an advisor
- Recruited a government veterinarian
- Signed up a professor of animal science from a major university
- Found and enlisted a poultry feeds expert
- Located and invited a specialist in chick breeding



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Segmentation for Social Enterprises: Part 1

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Segmentation Part 1: Analyze the hand you are dealt

Identify important market segments into which your target population is fragmented

Segmenting is a tough exercise! You often have to use a lot of judgment

- Few hard data to analyze
- Start by identifying key “fragmentation factors,” by which members of the target population are fragmented into different segments that will each require different handling
- You CAN’T decide the population fragmentation – it is the “hand you are dealt”

Why segment?

Going into highly uncertain market space

- Life is going to be difficult enough without stacking odds against you!
 - Maybe you want an easier early path
 - To get traction ASAP
- So... find a segment that promotes early, demonstrable progress

Basic Ways in Which Groups of Beneficiaries Might be Fragmented

Transactional Accessibility

- How easily can they be accessed to experience the benefit?

Transactional Acceptability

- How willing are they to experience your intervention?

Transactional Accessibility

Differences in segment's ability to receive the benefit, or your ability to deliver the benefit to the segment

Transactional Accessibility

Geographic accessibility

- Geographical diversity
- Rural/peri-urban/urban; densely/sparsely populated, desert/forest/mountain/plains, etc.
- Example: Slums vs. town (Ikotoilet)

Infrastructure accessibility

- Infrastructural conditions that enhance or inhibit the deliverability of the benefit
- Transportation, telecommunications, educational services, medical services etc.
- Example: Access to ambulances in Mumbai

Transactional Accessibility

Socioeconomic accessibility

- Economic well-being/status of subgroups
- Income, socioeconomic category, age, gender etc.
- Example: Girls missing school during menstruation

Cultural accessibility

- Group whose cultural practices/beliefs influence the way in which the benefit can be experienced/delivered
- Religion, racial, tribal, customs, habits etc.
- Example: Women buying water in Bangladesh (WaterHealth in Bangladesh)

Transactional Accessibility

Technical accessibility

- Extent to which groups have access to and/or can interact with the technology
- Education, training etc.
- Example: Pencils in Rio favelas

Governance accessibility

- Governance factors
- Political party impact membership, suffrage differences, corruption
- Example: Women driving in Saudi Arabia

Transactional Accessibility

Competitive proximity

- How easily can they receive similar benefits from other competing deliverers
- Example: homeless shelters

Level of distress

- Extent to which they have been damaged by the distress
- Example: AIDS sufferers in Botswana
- A tough one: must part of the population perforce be **triaged**, at least initially?

Transactional Acceptability

Factors influencing the acceptability by the beneficiary to receive the benefit:

Transactional Acceptability

Appreciation of benefit

- Extent to which subgroups understand/value the benefit
- Examples: Condoms in KwaZulu

Consent requirements

- Subgroups that need approval from others to receive the benefits
- Example: Abortion clinics in the USA

Transactional Acceptability

Affordability

- Whether groups have resources to cover the “costs” of receiving the benefits
- Disposable funds, goods, time

Locus of control

- Subgroups with major differences in [Core Self-Evaluation](#) (locus of control, neuroticism, self-efficacy, self-esteem)
- Example: “Will of the gods”

Segmenting

For your project, first work through the list of segmentation factors to identify any major factors that break your population into meaningfully different segments

- Work through the list, identifying any factors that will **substantively** influence the segment's **acceptance** (willingness to experience the proposed benefit) and their **access** to your proposed benefit.
- **TRY TO REDUCE THE LIST TO TOP THREE FACTORS.** If each factor yields only two segments, three factors will give you nine segments, whereas four will give you an increasingly unmanageable sixteen!
- As you work through the table, try to **identify any remedies** that can be used to counter challenges posed by the segment

Fragmentation Factors

Summary

ACCESSIBILITY

Geographic accessibility: Rural/peri-urban/urban; densely/sparsely populated; desert/forest/mountain/plains, etc.

Infrastructural accessibility: Transportation, telecommunications, educational services, medical services etc.

Economic accessibility: Income, socioeconomic class, age, gender

Cultural accessibility: Religion, racial, tribal, customs, habits etc.

Technical accessibility: Level of education/training etc.

Competitive proximity: Benefits from competing with other deliverers?

Degree of beneficiary distress Triage?

ACCEPTABILITY

Appreciation of benefit: Understand/value the impact?

Approbation requirements: Need social approval?

Affordability: Resources to cover the “costs”

CSE: Locus of control, (neuroticism, self-efficacy, self-esteem?)



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