

IMPACT ENTREPRENEURSHIP

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What is impact entrepreneurship?

- Creation of enterprises that are ethical and have meaningful impact on our lives
 - Not non-profits because they focus on profits
 - Not traditional entrepreneurship: impact entrepreneurs focus on triple bottom line: profit, social & environmental impact
 - Often synonymous with the term “social entrepreneurship” but can sometimes involve other areas such as environmental impact
- Typical areas include healthcare, sanitation, education, energy

Examples of Social Entrepreneurs

Muhammad Yunus, GrameenBank

- Microfinance org providing loans to rural poor in Bangladesh
- Provided loans to over 8M borrowers with repayment rate over 95%



Examples of Social Entrepreneurs

Iqbal Quadir, GrameenPhone

- Belief that providing connectivity to poor will help increase income and job prospects
- Largest operator in Bangladesh with over 50M subscribers



Manish Sabharwal, Teamlease

- Focused on skills development and job placement for people with limited access to education and employment opportunities
- Helped over 1M people in India find jobs



Social Enterprise Challenges: Scaling

- Hard to scale because the social goal has real costs associated with it
 - e.g. cost of reaching remote or underserved populations
- How do you scale?
 - Scaling out through partners: increase geographical reach through franchises; partner with someone who has last-mile reach at scale (YMCA, Red Cross)
 - Influence policy change: E.g. for Teamlease, an important growth barrier is lack of clarity on labor laws in India

Social Enterprise Challenges: Financing

- Traditional VCs often not an option: social ventures often need patient capital.
- Philanthropic Foundations like Gates, Ford Foundation
 - Focus on specific areas. Issue grants
- Government grants
- Impact-oriented venture funds like Omidyar, Khosla Impact, Acumen

Traditional Enterprises Adopt Social Missions



Traditional Enterprises Adopt Social Missions

- Warby Parker's buy-one-give-one model
 - Donated over a million pairs to date
- Toms uses a similar “buy one, donate one” model in shoe retailing
- Does social mission contribute to profits?
 - Neil Blumenthal (CEO, Warby Parker): “Customers put fashion & design first,” cost is next and quality is third. Social mission probably fourth.
 - Not primary driver of consumer behavior but creates brand personality that affects consumer behavior
 - Valuable recruiting tool

Summary

- If your idea has double or triple bottomline impact, ask:
 - Should I run it like any other enterprise or should I approach fundraising and scaling differently?
 - If I have a traditional enterprise, should a social mission be a core mission of organization?
 - How do you marry a social mission to a for-profit model: (i) lead with product first, (ii) mission should be authentic, (iii) implemented in a simple format such as Warby Parker's "buy one, give one" program



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