

Tool Kit

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CENTRE FOR SOCIAL INITIATIVE AND MANAGEMENT

Social Entrepreneurship

ToolKit

MEANING OF SOCIAL ENTREPRENEURSHIP

Tool Kit 1

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INTRODUCTION

The gamut of social inequalities is expanding. Solutions to these problems must be innovative, resource intelligent and impactful. Although the problems are grave, one can also view it as an opportunity. An opportunity for the many, who:

- wish to combine “doing good” and work i.e. search a purpose in their work
- be self employed and take upon themselves a social mission achieved with professional and business-like practices
- existing NGOs desirous of bringing about mission-performance coherence and effective management

For these many, Social Entrepreneurship is a direction. Social Entrepreneurship combines approaches such as:

- o attaining a social mission with business like approach
- o applying innovative and market based mechanisms to eliminate social problems
- o becoming mission driven, transparent and accountable with intelligent use of resources

Overall, Social Entrepreneurship can be seen contributing to social goals in two ways:

ENTERPRISE

LEADERSHIP

PROFIT MOTIVE for Financial Self Sufficiency & Enterprise Development		EFFECTIVE PERFORMANCE through Mission based Collaborative Partnership & Innovative Market Positioning
Starting a for profit subsidiary to support the Nonprofit Parent organizations. The for profit subsidiary may or may not have a direct social benefit.	For Existing NGO	Mission – Performance coherence
Focus on earned income by making products or offering services by the beneficiaries		Become resource intelligent
		Build collaborative partnerships with other NGO's, corporations and donors
		Focus on Organization Capacity
		Strategise for self sufficiency & sustainability
Start a social enterprise, which provides employment to the disadvantaged. However, this enterprise focuses on profit creation.	For a Start Up	Choose creative solutions to social problems. No run of the mill solutions
Start an enterprise which provides economic benefits to the disadvantaged. Example – Microfinance		Build-in replicability in solution design

There are several interpretations of Social Entrepreneurship depending upon the organization promoting the concept. Since business schools are also promoting the concept, many articles and models have emerged. Hence, CSIM has in this toolkit compiled key thoughts on the topic for easy understanding.

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Who is an Entrepreneur?

In common parlance, being an entrepreneur is associated with starting a business, but this is a very loose application of a term that has a rich history and a much more significant meaning. More specifically, it came to be used to identify those venturesome individuals who stimulated economic progress by finding new and better ways of doing things. *"The entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield."* Entrepreneurs create value.

It has been said that *"the function of entrepreneurs is to reform or revolutionize the pattern of production."* They can do this in many ways: *"by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on."*

Theories of Entrepreneurship

Contemporary experts in Management and Business have presented a wide range of theories of entrepreneurship.

- **Peter Drucker** starts with the 18th century French economist Jean-Baptiste Say's definition, but amplifies it to focus on opportunity. Drucker does not require entrepreneurs to cause change, but sees them as exploiting the opportunities that change (in technology, consumer preferences, social norms, etc.) creates. He says, "this defines entrepreneur and entrepreneurship-the entrepreneur always searches for change, responds to it, and exploits it as an opportunity." The notion of "opportunity" has come to be central to many current definitions of entrepreneurship. Entrepreneurs have a attitude that sees the possibilities rather than the problems created by change.

For **Drucker**, starting a business is neither a necessary nor a sufficient condition for entrepreneurship. He explicitly comments "not every new small business is entrepreneurial or represents entrepreneurship." He cites the example of a "husband and wife who open another delicatessen store or another Mexican restaurant in the American suburb" as a case in point. There is nothing especially innovative or change-oriented in this. The same would be

true of new not-for-profit organizations. Not every new organization would be entrepreneurial. Drucker also makes it clear that entrepreneurship does not require a profit motive.

- **Howard Stevenson**, a leading theorist of entrepreneurship at Harvard Business School, added an element of resourcefulness to the opportunity-oriented definition. He found that entrepreneurs not only spot but pursue opportunities that elude administrative managers; **they do not allow their own initial resource endowments to limit their options**. *Entrepreneurs mobilize the resources of others to achieve their entrepreneurial objectives. Administrators allow their existing resources and their job descriptions to constrain their visions and actions*

Definition of Social Entrepreneurship

Here are two widely used definitions

According to J. Gregory Dees in *Enterprising Non-Profits*, Social Entrepreneurs "are one species in the genus entrepreneur". They are entrepreneurs with a social mission.. Mission-related impact becomes the central criterion, not wealth creation. Wealth is just a means to an end for social entrepreneurs.. Social entrepreneurs play the role of change agents in the social sector, by:

- Adopting a mission to create and sustain social value (not just private value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation & learning,
- Acting boldly without being limited by the resources currently in hand,
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created

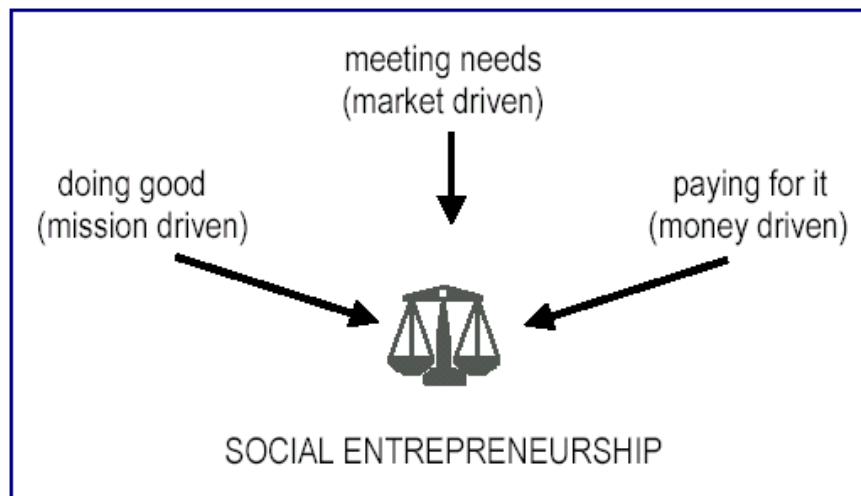
Schwab Definition of Social Entrepreneurship

- Describes an **approach** to a social issue. It is **not a field of discipline** that can be learned in academia.
- An approach that **cuts across disciplines** (medicine, engineering, law, education, investment banking, agronomy, environment, etc.) and is **not confined to sectors** (health, transportation, finance, labor, trade, and the like).
- More related to **leadership** than to **management**
- **Social entrepreneurs look for the most effective methods of serving their social missions.**

For some more definitions see Appendix

Social Entrepreneurship combines the passion of a social mission with an image of business-like discipline, innovation, and determination commonly associated with, for instance, the high-tech pioneers of Silicon Valley. The language of social entrepreneurship may be new, but the phenomenon is not. Social entrepreneurs look for the most effective methods of serving their social missions.

Social sector entrepreneurs are those who find not only additional sources of funds but also new methods to link funding to performance. More important, they develop effective ways to improve conditions on this planet. To that end, social entrepreneurs shouldn't focus on commercial approaches alone but should explore all strategic options, including their ability to use social causes to tap into philanthropic motivations. *The challenge is to harness social impulses of people i.e make contributions to the common good and marry them to the best aspects of business practice in order to create a social sector that is as effective as it can be.*



What makes social work entrepreneurial?

Comparison with business entrepreneurship

Business entrepreneurship started as a means for tapping market opportunity and creating economic gain. A business activity serves the promoters, shareholders, employees and customers and creates fulfillment and financial gains. On the same lines, social entrepreneurial activity, even while taking reasonable risks, integrates and builds value for the social worker, beneficiaries, and donors and creates/sets the foundation for change.

The following aspects will make any social organization truly entrepreneurial:

- ❖ Innovation in addressing the social divide
- ❖ Strategy, systematic planning keeping in view the changes taking place in society
- ❖ Market focus
- ❖ Credibility
- ❖ Clearly articulated mission
- ❖ Systematic documentation and evaluation of schemes
- ❖ Periodic mission revisits
- ❖ Regular evaluation of staff performance with fair compensations and incentives
- ❖ A fair living wage for the head of the NGO
- ❖ Fund development rather than mere fund raising

In short, NGOs will have to start thinking like a professionally run business organization.

In the process of becoming entrepreneurial, the leader should be willing to let go of certain fixed ideas. One idea to eliminate is that s/he can be all things to all people, that s/he can address several social issues at the same time. Entrepreneurial thinking stresses the fact that it is better to divert or exit out of areas that cause focus drift and wastage of resources.

There is another mindset that will have to be broken – the mindset that social organizations should not think about *making* money – they may beg for it but they may not earn it by legitimate means! Indeed for many NGOs fund-raising seems to be the sole mission.

Social problems – perennial

Goodwill of philanthropists and charitable organizations – finite



Need to articulate a *value proposition* to convince donors on return of investment.

Most NGOs have so far survived on the goodwill of philanthropists and charitable organizations. Given the finite nature of this assistance and the perennial problems that these social organizations are trying to address, it is obvious that they cannot hope to survive for long on such help alone. Donors too are questioning NGOs about the return on investment.

NGOs and the ones working with a social mission, therefore, need to articulate and create a *value proposition*. Clearly working out the value vis à vis every stakeholder (beneficiaries, donors, employees) will help to bring in the money for the social change idea. There is also a need for working out schemes for self-sustenance.

A social entrepreneur's ultimate goal, the bottomline, is *social change*- a scenario where the mechanical performance of a series of tasks is replaced with a vision, a strategy, and a process to involve and empower the stakeholders. Social Entrepreneur enables a shift in the situation whereby the cause ultimately serves itself.

What Social Entrepreneurship is NOT

- Social entrepreneurship is not synonymous with corporate responsibility.
- It is not a different form of philanthropy.
- Nor are social enterprises simply charities becoming businesses.

Why social entrepreneurship?

In the current scenario, the social sector is made up of two kinds of people. There are those who set up social organizations with a missionary zeal and there are others for whom 'social service' is an occupation, at best a hobby, which can be undertaken on a part-time, voluntary basis.

In the first case, many of the organizations end up as single-leader organizations, which last only as long as the leaders do. These leaders are often individuals who have been deeply affected by some aspect of the social divide and set up organizations on the strength of their emotions, even though they may be lacking in management and organizational skills. Their situation, however, is fraught with emotional traps and they run the risk of burning out, thus defeating the purpose of creating social change.

The burnout syndrome in single-leader organizations on the one hand, and the lack of ongoing commitment, professionalism and performance *ethic* of 'do gooders' on the other have serious repercussions on the social sector.

"Current status of social sector: burnout syndrome in one-person organizations + lack of ongoing commitment, professionalism and performance ethic of 'do gooders'."

Remedy: people who see a social issue as a problem-solving challenge.

At a time when governments all over the world are slowly divesting/outsourcing social responsibilities, it has become incumbent on non-government organizations to tackle critical issues like poverty, environmental degradation, discrimination in its various forms. NGOs are, therefore, in need of committed people who will put in dedicated effort to arrive at innovative, systematic and planned solutions to social problems. There is a need to set aside the pity/charity mindset and focus on logical, pragmatic thinking to provide long-lasting solutions. *The sector is in need of people who see a social issue as a challenge that requires a problem solving approach.*

For persons who are already deeply committed to the sector, there is a pressing need to *introspect, gain a perspective, inject optimism and even change focus*, if need be, to avoid frustration. Adopting an entrepreneurial

approach will help these individuals to avoid traps like working on projects based on funding available irrespective of mission focus.

Here is a quick capsule

1. **Faced with rising costs, more competition for fewer donations** and grants and increased rivalry from for-profit companies entering the social sectors, Nonprofits are turning to the for profit world to leverage or replace their traditional sources of funding.
2. **Leaders of nonprofits look to commercial funding** in the belief that market based revenues can be easier to grow and more resilient than philanthropic funding.
3. Many nonprofit leaders are looking to deliver social goods and services in ways that **do not create dependency** in their constituencies.
4. **Nonprofit leaders are searching for financial sustainability** - they view earned income generating activities as more reliable funding sources than donations and grants.
5. **The sources of funds available to nonprofits are shifting to favor commercial approaches.** Few foundations want to provide ongoing funding – most choose to limit their funding to short periods in an effort to press grantees to become increasingly self sufficient.
6. **Corporations are thinking more strategically about philanthropy.** They no longer base the grants they make solely on the merits of the programs, but also on the value they will derive from the relationship with a particular nonprofit.
7. **Many more people in need --** As recently as 15 years ago, few nonprofits were dealing with such problems as AIDS, homelessness, under-employment. The population of frail elderly people continues to mushroom. The disparity between rich and poor has continued to widen, the development of a permanent underclass has not abated, and rapid technological change is leaving poor, unskilled workers further and further behind.
8. **Credibility and Accountability --** The nonprofit sector often experiences a major erosion of public trust; hence the importance of maintaining ethical practices.
9. **A search for more innovative solutions** that lend to sustainable improvements.

Broad Categories of Social Entrepreneurship

1. The first, '**integrated social entrepreneurship**,' refers to situations in which economic activities are expressly designed to generate positive social outcomes, and where surplus generating activities simultaneously create social benefits, and ideally create horizontal, vertical, forward or backward economic linkages. Fowler identifies the Grameen Bank in Bangladesh as an example of integrated social entrepreneurship.

2. A second type of social entrepreneurship, '**re-interpretation**' is used in situations where existing non-profit capacity is utilized in ways that either reduce costs for the organization, or increase and/or diversify the organization's income streams. Fowler cites the example of an organization with the mission of delivering meals to the elderly and infirm finding a market niche for delivering (for profit) meals to an affluent, non-infirm elderly population.

3. Thirdly, Fowler identifies '**complementary social entrepreneurship**,' referring to non-profit organizations which add a for-profit enterprise division that does not in itself engender a social benefit, but whose profits can be used to offset the costs of the organization's non-profit social mission.

Key Principles

Social entrepreneurship is based on three bedrock principles:

1) Pay attention to a "double bottom line" -- Accountants will tell you there is only one bottom line – financial return on investment. But social entrepreneurs also keep an eye trained on *social return on investment*, the difference that their organization's programs and services make in people's lives. So in addition to seeking greater financial self-sufficiency, social entrepreneurs strive to take programs that work, and make them available to more and more people.

2) Focus on earned income -- "Earned income" implies a quid pro quo arrangement in which there is a direct exchange of service or product for something of value (usually monetary). Earned income includes such things as fee-for-service payments (directly from clients or indirectly from a third party, such as Medicare or an insurance company), contracts, rents/leases, product sales and so forth. Examples of "unearned income" include undesignated, unrestricted or general operating grants, bequests, special events and most types of cause-related marketing. While these sources of income will always be important to most nonprofits, it is important to recognize that they have their limitations – they always come with somebody else's priorities and with strings attached. Earned income, on the other hand, offers unlimited possibilities and a degree of control.

3) Think and act like a nonprofit business (not a charity) -- This principle has many dimensions, including:

□ **Find a niche** – The bane of many nonprofits has been trying to be all things to all people. Social entrepreneurs find out what they are good at and seek to do more of it. They also find out what they are not good at and get out of it, or what they are not capable of and don't even think about developing it.

□ **Be a major player** – It makes no sense for five or six nonprofits in the same geographic area to deliver essentially the same service. If a nonprofit has a program that is not the number one or number two provider, it should let it go and concentrate on the areas where it is or can be the leader.

□ **Price aggressively** - Nonprofits have been trained over the years to rejoice if they can be reimbursed for costs. If they can land a modest "cost-plus" contract, they consider it a stroke of luck. But neither of these approaches can help them fund the future, much less current overhead. Nonprofits must set prices based on a consideration of unit revenue and expenses, what competitors are charging, the "value" perception held by payers, and profit margins required to keep the organization afloat.

□ **Build the right team** – Four out of five small businesses fail during the first three to five years. In contrast, six out of seven started by graduates of Harvard Business School succeed. Why? Not because they are any smarter, but because they know how much they don't know! The first thing Harvard grads do is surround themselves with people who have expertise in their areas of weakness. So it should be with entrepreneurial nonprofits.

Social Entrepreneurs-What do they do?

1. Change agents in the social sector

Social entrepreneurs are reformers and revolutionaries. They make fundamental changes in the way things are done in the social sector. Their visions are bold. They attack the underlying causes of problems, rather than simply treating symptoms. They often reduce needs rather than just meeting them. They seek to create systemic changes and sustainable improvements. Though they may act locally, their actions have the potential to stimulate global improvements in their chosen arenas.

2. Adopt a mission to create and sustain social value

For a social entrepreneur, the social mission is fundamental. This is a mission of social improvement that cannot be reduced to creating private benefits (financial returns or consumption benefits) for individuals. Making a profit, creating wealth, or serving the desires of customers may be part of the model, but these are means to a social end, not the end in itself. Profit is not the gauge of value creation; nor is customer satisfaction; social impact is the gauge.

3. Recognize and relentlessly pursue new opportunities

Social entrepreneurs are not simply driven by the perception of a social need or by their compassion, rather they have a vision of how to achieve improvement and they are determined to make their vision work. They are persistent.

4. Engage in a process of continuous innovation, adaptation, and learning

Entrepreneurs are innovative. They break new ground, develop new models, and pioneer new approaches. It does not require inventing something wholly new; it can simply involve applying an existing idea in a new way or to a new situation. Entrepreneurs need not be inventors. They simply need to be creative in applying

what others have invented. Their innovations may appear in how they structure their core programs or in how they assemble the resources and fund their work. On the funding side, social entrepreneurs look for innovative ways to assure that their ventures will have access to resources as long as they are creating social value. This willingness to innovate is part of the modus operandi of entrepreneurs. They are skilled at doing more with less and at attracting resources from others. They use scarce resources efficiently, and they leverage their limited resources by drawing in partners and collaborating with others. They explore all resource options, from pure philanthropy to the commercial methods of the business sector. They are not bound by sector norms or traditions.

5. Exhibit a heightened sense of accountability to the constituencies served and for the outcomes created

Creating a match between investor values and community needs is an important part of the challenge. S.Es make sure they have correctly assessed the needs and values of the people they intend to serve and the communities in which they operate. In some cases, this requires close connections with those communities. They understand the expectations and values of their "investors," including anyone who invests money, time, and/or expertise to help them. They seek to provide real social improvements to their beneficiaries and their communities, as well as attractive (social and/or financial) return to their investors.

EXAMPLES OF SOCIAL ENTREPRENEURS

In 1972, **Ela Bhatt** was a lawyer with the Textile Labor Union in Ahmedabad. She realized that 89% of the Indian workforce was made up of impoverished women who eked out their existence through cigarette rolling, waste-cigarette rolling, waste picking, salt mining or as head loaders, street vendors, and the like. Ela did the unthinkable, against much opposition. She formed the Self-Employed Women's Association (SEWA), the first union in the world to organize and empower the poor and self-employed, increasing their bargaining power, economic opportunities, health security and legal representation. Today SEWA is the largest labor union in India and has influenced national and international policies in support of informal employment around the world.

Suraiya Haque, founder of **Phulki** in Bangladesh, was born and married into comfort so it was quite against the judgement of her husband and sons that she pursued her dream of opening a day-care center for children of poor garment factory workers, and first set-up one in her garage. Now **Phulki** is well established in textile factories around the country. What's more, it is a self-sustaining social enterprise.

Under **Bunker Roy's** leadership, a group of students from top Indian universities set up what is now known as Barefoot College in 1972, in Tilonia, Rajasthan. Barefoot College identifies poor rural youth who have not been able to receive a formal education and trains them as "barefoot" doctors, teachers, engineers, architects, designers, metal workers, IT specialists and communicators. The innovation lies in the method and approach to confidence-building. Barefoot College does not believe in educational degrees but in a hands-on approach. It challenges the notion that formal education is required to become a solar engineer, for instance. To date, Barefoot technologists have solar-electrified several thousand houses in 8 Indian states and installed hand pumps in the Himalayas, a task which urban engineers had declared technically impossible. Barefoot water engineers have planned and implemented piped drinking water, and Barefoot architects and masons have constructed the 30,000 square foot college building out of low cost materials. The campus is the only fully solar electrified college in India.

The Barefoot approach has been replicated in 20 different remote village locations in 13 states of India. This approach is built around the concept of the village as a self-reliant unit in which each has a Council where community issues are taken up and decided. On the first week of each month, the democratically elected village council reviews and evaluates the work carried out the previous month and organizes the agenda for the weeks ahead. Collective, transparent and accountable decisions are at the core of village governance. When building a school or a water harvesting structure, for example, costs are publicized for all to review, allowing villagers to assess the value of their work.

Childline, started by Jeroo Billimoria is a 24-hour hotline for children in distress that operates in 53 Indian cities and has assisted over three million vulnerable children in need of medical assistance, education, repatriation, counseling, long-term shelter, protection from abuse, and other emergency services. Through the toll-free number 1098, Childline provides an easy entry point into an extensive network of hundreds of child-service organizations, making it possible for citizens across India to assist children in danger at any time. Billimoria had seen the need for effective crisis intervention. She mobilized support from Tata Institute of Social Sciences (TISS), government agencies, foundations, local childservice agencies and businesses to build the Childline network. Childline was officially initiated in June 1996. Childline acts like an intelligent switchboard, one that dispatches calls to optimize society's available resources to protect children. The organization has capitalized on the recent spread of telecommunications in India and the emergence of a vast array of citizen organizations. When a call reaches Childline, it is routed to a child service agency, where volunteer street children often respond to calls themselves. Childline works with police departments, hospitals, railway officials, and organizations that provide shelter, repatriation, education, vocational services and disability assistance.

BASIX, started by Vijay Mahajan is the first microfinance institution (MFI) in India, and among the first in the world, to attract commercial equity investments internationally and within India. By lobbying successfully for

changes in Indian regulatory policy framework, BASIX helped create a viable institutional space for MFIs in India. The mission of BASIX is to promote a critical mass of opportunities for the rural poor and attract commercial funding by proving that lending to the poor can be a viable business. BASIX tailors its lending techniques and distribution channels to different customer groups and arranges technical assistance and support services for its clients. BASIX collaborates with other organizations to provide market linkages for commodities produced by its borrowers. It also aggressively uses information technology applications to process large numbers of transactions and support innovative delivery channels, such as franchise agents using hand-held devices to serve poor borrowers. BASIX does not confine its loans to the landless poor and self-employed, as do most other MFIs. Studies show that, on average, the income of BASIX borrowers increases 20-30% in two to three years and that they also generate substantial wage employment for others. Based in Hyderabad, in the state of Andhra Pradesh, BASIX has close to 250 full-time employees, mostly in the rural districts, and over 400 village-based customer service agents. As of March 31, 2003, the BASIX group as a whole was operating in 7500 villages spread over 40 districts in 9 states of India. It was working with nearly 95,000 borrowers, including women in self-help groups (SHGs) and federations. BASIX has cumulatively disbursed over 137,000 loans worth over US\$33 million, 41 percent of which are loans to SHGs.

Who can become a social entrepreneur?

- ✓ A person who approaches a social mission formally with impact in mind
- ✓ A person who wants to create a meaning to his/her profession and wants to be self employed
- ✓ One who enjoys a problem solving challenge and can see a larger picture of social issues
- ✓ A person who has experience in the field of business and corporate houses and wishes to divert his/her talent to the social sector
- ✓ One who regularly donates funds to social organizations
- ✓ One who volunteers

Core Values of a Social Entrepreneur

- An unwavering belief in the innate capacity of all people to contribute meaningfully to economic and social development.
- A driving passion to make this happen, be it through a new invention, a different approach, a more rigorous application of known technologies or strategies, or a combination of all three.
- A practical but innovative stance to a social problem, coupled with dogged determination, which allows her/him to break away from constraints imposed by ideology or field of discipline, and pushes them to take risks that others wouldn't dare.

- A healthy impatience. They are social change agents who make things happen and do not wait for things to happen.

Qualities of a Social Entrepreneur

What are the qualities of the leader who heads a social enterprise? A social entrepreneur has all the qualities of the head of a business organization with certain important variations:

Social Entrepreneurship Criteria

Successful Social Entrepreneurship (SE) emerges from a combination of factors – Individual, Organizational and External. Certain well-defined qualities mark each of these, comprising the EIGHT CRITERIA. These may be, for convenience, grouped as

- | |
|-----------------------------------|
| Group 1 (Individual oriented) |
| 1. Social acumen |
| 2. Aspiration |
| 3. Leadership/ Servant leadership |
| Group 2 (Organization oriented) |
| 4. Innovation |
| 5. Resourcefulness and Planning |
| 6. Sustainability |
| Group 3(External oriented) |
| 7. Collaboration |
| 8. Social Impact |

Subsequent sessions will be devoted to each one of these in detail. Here is a quick capsule, along with examples from actual experience.

- **1. Social Acumen: A passion for a cause** - this is the *big idea* that drives an individual on the path of SE. In this case, this idea is, of course, a *pattern changing* idea, a clearly articulated vision of social change. We may term this as '*social acumen*', which enables the entrepreneur to unerringly divine the cause and the remedy for a social problem

The Shroffs had moved to Bombay from Kutch along with other families all of whom left the region after the massive earthquake of 1818 which devastated the fertile land and also changed the course of the Indus river. In 1941 the Shroffs set up "Excel" which grew into a multicore manufacturing industry.

Kutch has since been known as an arid, drought-prone, desert region. During a particularly intense drought year in the 1970s, Kantisen Shroff did voluntary work for the Ramakrishna Mission. On his return to Bombay, he became determined to go back to his roots and revitalize the place. Starting with small projects which villagers in the Kutch region were encouraged to take up for development and progress, the Shree Vivekanand

Research and Training Institute was set up in 1978 to teach people how to thrive in extreme adversity.

By the mid '90s the people of the surrounding villages have become proficient in the techniques of rainwater harvesting, land management, composting, afforestation, horticulture, animal husbandry, milk processing, bio-gas production, bee-keeping, dairying and tapping solar energy. He also set up a factory of the Excel group in Bhavnagar for which he did something which challenged and slowly changed social attitudes—he hired leprosy patients, inmates of the Home run by a Christian Mission across the road -- as carpenters and electricians.

Kaka—as Kantisen Shroff is known in the area—firmly encourages self-reliance even though Government support has since been available. Further, Shroff promotes the region's rich heritage of handicrafts through Shrujan, a cooperative he founded. Thus, his passion to revive the prosperity of his deserted ancestral region has been realized through changing the hitherto negative outlook.

- **2.Aspiration:** a social entrepreneur thinks big but his/her aspirations take into account the resources available and the constant changes in the environment.

Dr.B.V. Parameshwara Rao, a scientist with the Atomic Energy Establishment, worked for a doctorate in nuclear chemistry in the USA and on completion in 1967 received offers of prized jobs both in India and the US. However, his heart was set on changing the fortunes of the little village of Dimli, his ancestral place, 50 odd kilometers from Vizag, set amidst unproductive marshlands. Despite getting no support for his idea (except from his wife), not even from the village leaders or the needed finances (he ran through his own savings), he persisted with his aim of making the people strive for their own betterment. The first effort was to set up a school but as soon as the building was ready the Government withdrew permission for private schools to operate. Dr.Rao made his case before the authorities and succeeded. All the same, he was aware that literacy alone is not enough for development.

He thought of applying scientific methods to make the marshland productive and asked the authorities for 380 acres out of the 1000 around the village to work upon. He began with salt-production, then sugar-cane cultivation. Each venture was an uphill task—apart from Nature, expertise, funding, local politics, bureaucratic red-tape had all to be overcome. His major achievement was eventually gaining the people's support and trust for every experiment when they saw his persistence and dedication. An elderly woman alerted him to the importance of drawing in woman-power. His capacity of making unlikely opportunities work has finally resulted in the vast acres of wasted badlands of the surroundings rocky slopes now prosperous as lush green farmlands along with related improvements in health, education and livelihood channels for the people.

Reading about Dr. Parameshwara Rao's unrelenting efforts in detail will reveal how he constantly keeps alert to possibilities, and more so, to make modifications according to changing circumstances always keeping his aspirations higher. Although his work has brought him in contact with top leaders including Indira Gandhi, he stays in the background and urges the Bhagavatula Charitable Trust (initiated by his father who was finally

convinced that his son was doing something worthwhile) to grow beyond one man into an institution, a catalyst of change.

- o **3.Leadership:** SE calls for a leader who exhibits the traits of a 'servant leader', one who leads through serving, one who knows that the social cause is much bigger than any individual, one who is passionate without being possessive, who knows that one has to sometimes give up to conquer.

A zamindar's son from U.P., an M. A. in Hindi, and qualified to practise Ayurveda, working for the Rajasthan Government as Project Coordinator for Youth Education in Jaipur, 28 years old and married, stirred by a restlessness to "do something" in the "real India", quits his job, sells his household goods when his wife is away at her parents' and takes a bus along with four similar "nalayak" ["good-for-nothing"] friends to the very last stop in the foothills of the Aravallis reaching on the evening of October 2, 1985. Rajendra Singh's efforts to improve the lot of this remote village of Kishori began with a learning experience in shedding his intellectual arrogance and realizing that top-down approaches of Leadership were resented. Pondering over the villagers' plight, the lack of groundwater despite an annual rainfall of 600mm., the object of his mission hit him with a sudden clarity: WATER. Working with the villagers, physically as well as by generating ideas, by renewing and developing contacts, by fighting vested interests industrial and political, Rajendra's struggles form the saga of the revival of rivulets and re-forestation of the region and the prosperity of the people. The Rainman of Rajasthan has since extended his service-cum-leadership to over 60,000 villages across 19 states, emphasizing that the traditional water-harvesting method/s in each region needs to be revived as it is cost-effective, provides employment and provides the sense of ownership. He received the Ramon Magsaysay award in 2001.

- o **4.Innovation:** Driven by his/her clear sense of purpose, a social entrepreneur constantly innovates and redefines existing patterns of society. S/he chooses an innovative operating model that has the potential to draw the attention of donors and the engagement of beneficiaries.

When a whole mountainous area in the Himalaya region is a laboratory and the people of the hills are the participatory researchers, and the inspiration and leadership come from someone who has a clear objective in putting time-tested indigenous material and skills through scientific upgradation, then we are talking of HESCO and Dr. Anil Joshi who has changed the lives of the people of 150 villages around this difficult terrain.

The 23 year-old Botany Lecturer in a government college was passionate about protecting the environment of the region he belonged to and thought he would educate the villagers. They rebuffed his attempts. A successful experimental mission to prevent landslides by using a local species of grass led to the formation of the Himalayan Environmental Studies and Conservation Organisation in 1980-81, with the support of his colleagues and students. It was registered in 1983.

Joshi's efforts at putting the weed *lantana* to multiple uses and marketing its products brought livelihood to the women and the youth. The department of

Science and Technology stepped in to help. 35 species of fibre-yielding plants were identified: courses in making pickles, jams and squashes got off ground, and food processing units sprang up. Power-generating *gharats* (traditional water mills used to grind grain) providing employment to 4 persons each in 5 lakh families is one of the outcomes of the innovative application of modern technology at low cost to traditional techniques.

Dr. Joshi and his team's efforts have brought in education, women's empowerment, health and other social benefits to this difficult region. He himself has received numerous awards including the Ashoka Fellowship. What sounds like music to his ears is when the villagers say "Give us technology" to meet their requirements. HESCO's successful methods are now being replicated in Arunachal Pradesh.

- **5.Planning & Resourcefulness:** like all true entrepreneurs, a social entrepreneur has business acumen, the knack of getting more out of less. S/he knows how to make a little go a long way. And this is as a result of meticulous planning, where trial and error or fire fighting have little role to play. The focus is on optimizing the available resources (time, talent, money and infrastructure) and investing them wisely, without losing the focus on core competence.

Dr. Kshama Metre, a successful Delhi pediatrician, felt the urge to do something for the poor villagers of Sidhbari in the Kangra valley by setting up a Pediatric Intensive care unit under the Chinmaya Mission. But when she saw the village and its people, she realized that there was need for everything basic to health – education, drinking water, sanitation, employment. So she planned a much wider range of action involving the people themselves; she initiated training of multi purpose workers at the grass root level. These would be supported by village health guides who would be given 12 weeks' training; the traditional *dais* (mid-wives) would be trained in hygienic practices. Chinmaya Mission's Tapovan Ashram and its six subcentres were central to her project. She went around the villages with Dr. Akhilam Amma, the project director, and Kamlesh, a trained social worker.

When "Doctor Didi" as she came to be known started her mission she discovered that for her one day was not enough to do the day's planned work and noticed that a number of linked factors emerged. She had to be resourceful in attending to all these. Thus developed the formation of Mahila Mandals, Balwadis and the projects of tackling alcoholism, of training social animators; soon, the strength of women's power was demonstrated when empowered women spoke up at official camps. Kshama gradually helped the women—her major resource-- develop their own solutions; she would find the know-how, interact with government agencies, voluntary groups (e.g. *Sutra*) and the community at large. Thus, her careful planning combined with her resourceful tapping of local capability has resulted in over 18,000 women in 400 villages getting involved in micro-credit and self-help groups and in the overall transformation of the quality of life.

- **6.Sustainability** – the social entrepreneur faces up to the challenge of sustaining his/her organization in a variety of ways, constantly learning and always willing to adapt to change.

Baba Amte's name is synonymous with "Anandwan" and the rehabilitation of the leprosy-afflicted. Interestingly, Murlidhar Devidas Amte was a prosperous lawyer who, shocked by the sight of a ravaged figure in a muddy gutter on a rainy night, threw a piece of cloth on the "thing" and fled. Haunted by the memory, he decided to devote his life to the service of the discarded of society—scavengers and lepers. Renouncing his practice and his property, he studied leprosy scientifically, subjected himself to receiving the germs, and set up the Maharogi Sewa Samiti at Warora with Rs.14 in cash, 25 acres of arid land, a cow and six leprosy patients.

Started in 1950, this unrealistic venture has since developed into a mammoth institution including the Somnath Project (a community farm organization), Ashokwan (a farming-cum- treatment center) and Hemalkasa in the dense forests (which has brought in development to 50,000 tribal Madia-Gonds without disturbing their culture). The striking feature of all these enterprises is that every activity is conducted by leprosy patients and run by the cured ones, including the colleges affiliated to the Nagpur University. Marriage and families are encouraged, communal living and kitchens are the norm. "Baba" and his wife Sadhanatai continue to work tirelessly for the cause although Government and foreign support have come in and he has been honoured with many awards including the prestigious Damien-Dutton. Inspired by Gandhiji's concept of Ramrajya, Baba's projects are, however, characterized by economic development in a self-supporting form, pragmatic, empirical and rational without political or religious leanings.

- o **7.Social Impact** – an organization headed by a social entrepreneur will demonstrate both immediate and potential impact and bring about a systemic social change. Corrective action is taken as a result of this measurement and proceedings are carefully documented. This enables complete accountability and also helps to return to and evaluate the mission periodically.

The per capita income of the Rangbelia island in the Sunderbans was estimated at Rs.1038.72 in 1985; ten years before, it had been Rs.502.08. Within that decade schools, hospitals, sanitary latrines, piped drinking water and other basic amenities, all unheard of earlier, had been built by the villagers themselves.

The trigger behind this revolution was headmaster Tushar Kanjilal. Perturbed by a student seeking half a day's leave as he was feeling dizzy not having eaten anything for 2 days, Kanjilal learnt that 47 of the 300 students in the school had had no food that day. Jolted out of his passive 8 years of acceptance of the poverty and deprivation around him, Kanjilal decided to tackle these twin "enemies". Interestingly, he had been a political revolutionary in his teens, a member of the Revolutionary Socialist Party and had spent some time in the same place in the mid 1950s. He had quit the Party on realizing that visionary-revolution would "ever remain a dream" and had become the average householder.

This time, Kanjilal determined to find solutions within the system rather fight it. He sent his students on a door-to-door survey of 3 villages and collected statistics of land-holding patterns, debt-burden, the rates of interest, employment levels, income/nourishment/ starvation levels and health factors with the aim of using all this to draw in the Government

which already had instituted block development projects and panchayat raj (none of which showed any beneficial results).

To Kanjilal's good luck, the State Agricultural Director was himself enthusiastic over developing sustainable agriculture, especially the cultivation of a second crop. Again, luckily, one landholder was willing to experiment on a part of his land. Kanjilal persuaded him to dig a pond to store water. His success enthused others and soon Kanjilal found himself having to tackle the problems of landless, bonded labour, the lack of equipment to work with for all of which he proceeded to involve everyone and break down class barriers. What about capital?

Kanjilal met two Planning Board Members and discussed his plan of harnessing river-water power and providing electricity while being careful about environmental conservation of the forests. The Government lacked funds; one of the Members lent Rs.5 lakh from a voluntary organisation he was running. Later a W.German organisation lent Rs.20 lakh. The scheme which started with 671 families in 3 villages went on to cover 28 villages and 8243 families in a few years.

Kanjilal was clear about educational and health development in addition to the agricultural. For this he works with families as units and has the *para* groups scrutinizing applications for their needs. His wife, also a teacher, started the Mahila Samiti and looks after the empowerment of women and girl-children. Kanjilal finds that the non-formal system of education works better in this region rather than the top-down formal schooling system.

In this brief summary, it has not been possible to provide the statistical details of the assessment and measurement of social impact that Kanjilal keeps making. He is clear about bringing about a systemic change in a scientific manner; every stage of a project is documented, the "customers" take ownership, lessons are learnt from experience to make corrections and carry out improvements. Kanjilal, awarded a Padma Sree in 1986, has since been asked to carry out similar programmes –showing its replicability--for 2500 projects in Orissa, W.Bengal and Jharkand.

- **8.Collaboration and Communication** – a social entrepreneur recognizes the vital need to network and collaborate, to share ideas and operate transparently with all stakeholders. S/he builds a value chain in social service, creating a synergy by enrolling a large number of persons in the community in various roles.

AWARE (Action for Welfare and Awakening in Rural Environment) is currently familiar in Andhra Pradesh with its HRD Centre on the Srisailem road and a 300-bed hospital at Shantivanam close to Hyderabad. People are also aware of its work in freeing bonded labour and empowering women among the Chenchus, Lambadas and other tribes.

What might be less known is the interesting story of its founder.

The only son of a wealthy Palghat landlord, P.K.S. Madhavan, an intelligent and a restless youth, supporter of the underdog even against his own father, was a capable organizer who mobilized support in cash and kind during the Chinese aggression. The apathy of government officials towards human suffering upset him; spiritual quest in the Himalayas offered no solution. A chance meeting with an Australian social worker started a chain of events

including writing an anthropological textbook and moving to the Chenchu (a tribal group) region of Andhra Pradesh.

Soon Madhavan was involved in improving the lot of the Chenchus; beginning with the cautious initiatives of weaning the men away from drink and gambling; using the interest on available funding to buy goats --the starting-point of AWARE. Relief work following the cyclone of 1977 saw him providing the officials with 300 volunteers. AWARE launched a health programme; then got clearance to receive foreign funding. Somewhere along the line, Madhavan realized the importance of the woman's role-- so far a neglected figure—and began to create self-sustaining women's groups, to train the tribal youth in carpentry, masonry, black-smithy, pottery, shoe-making, soap-making, and to free the bonded labour.

AWARE's efficacy depends upon voluntarism and in motivating, i.e., effectively communicating with everyone in the chain, from illiterate tribals to bureaucrats. Madhavan believes in collaboration with the government machinery but not through the entrenched official modes of official lethargy.

NOTE: 1) These case-studies have been sourced and summarized from Prophets of New India (Penguins Books 2004), a compilation of 20 Man (Person?!) of the Year Awardees from 1983 onwards by "The Week" Magazine.

2).Each story could very well illustrate another SE criterion and even more than one. Readers are urged to make these cross-references

What Social Entrepreneurs never say !

"Our Board will never go along with that...." Why not? What are the barriers? Very few are insurmountable. Collect your arguments and data carefully - prepare well, then ask the Board. Persuade them! Show them!

"Not in my backyard...." Before you confront a NIMBY, get others on your side. Know the weaknesses in your idea and be ready to admit and explain them.

"Not invented here....." Borrowing and adapting ideas is the easiest way forward - someone else has invented the wheel first. If you know there will be resistance from within the organisation, lead your opponents to think of "the idea" first.

"If we've never done it before, we can't change now..." The easiest one to counter. Find similar examples, quote other changes: change is the only constant.

"It would never get off the ground in our community..." It's easy for opponents to hold up "the community" as an immovable and apathetic force. Get individuals together in small groups to identify problems and needs themselves - then see if they will share your vision.

"That's not in my job description..." If "Job's worths" stand in your way, work with others instead.

"We never work with those sorts of people..." All the more reason to do so now, if they will share your vision. Bring in strange bed-fellows; they will understand areas you do not - and vice versa.

"No-one would - or should - ever pay for the sort of thing we could do..." Someone is already paying (grant givers? tax payers? sponsors?). Trading is just a different way to gain payment for services. Trading doesn't mean charging beneficiaries. Separate out for-profit and not-for-profit services. Segment your markets.

"That's not in the blue print..." This work is by nature experimental. There is no blue print. Don't get tied to one. This doesn't mean don't plan ahead; plan as accurately as possible and measure progress against your plan. But be prepared to change it, and don't expect to "finish".

"The problem is..." Answer: "Thank you for identifying the problem. What do you suggest as the solution?" Focus on what you can do, not on what you can't.

Outcomes of Social Entrepreneurship

NONPROFITS that successfully adopt entrepreneurial strategies achieve outcomes on three broad levels:

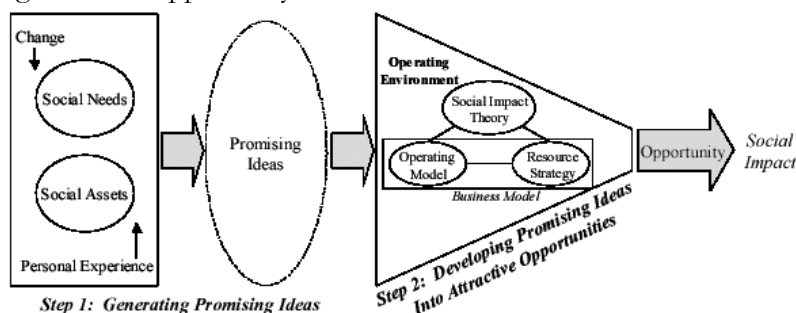
1. Enhance their skills in research, planning and marketing, thereby improving their ability to evaluate opportunities, make smart decisions and serve more clients more efficiently.
2. Identify and expand their most effective and needed programs, eliminate unnecessary or duplicative programs, and selectively add new services to meet identified community needs.
3. Earn more income from fees, contracts, product sales, etc., thereby reducing reliance on "granted" revenue from government and philanthropy.

The Process of Social Entrepreneurship: Creating Opportunities Worthy of Serious Pursuit

All acts of entrepreneurship start with the vision of an attractive opportunity. For social entrepreneurs, an “attractive” opportunity is one that has sufficient potential for positive social impact to justify the investment of time, energy, and money required to pursue it seriously. This note provides a framework to guide social entrepreneurs through the process of creating a worthwhile opportunity. *It is designed to help increase the chances of success for anyone contemplating the journey of social entrepreneurship, and it may also be helpful for those considering investing in new social ventures.*

The model breaks the opportunity creation process into two major steps (see Figure 1). First, a social entrepreneur *generates* a promising idea. Second, the social entrepreneur attempts to *develop* that idea into an attractive opportunity. The development step is depicted as a funnel. Social entrepreneurs add the most significant value in this stage of the process, and few promising ideas make it through the development funnel to become opportunities worth pursuing in the long-term.

Figure 1 The Opportunity Creation Process



The entrepreneurial journey begins with a promising idea. Ideas commonly have their roots in the personal experience of the entrepreneur, but personal experience is not the only factor that can stimulate social entrepreneurs to generate ideas worth exploring and developing. Recognizing social needs, social assets, and change can also lead to the generation of promising ideas.

Personal Experience *Personal experience often motivates, inspires, or informs the idea generation process. Dissatisfaction with the status quo often spurs entrepreneurial creativity, prompting social entrepreneurs to look for new approaches to problems and frustrations they have encountered personally, witnessed among family or friends, or seen on the job.*

Relevant experience does not have to be in the same field in which the new venture would operate. Sometimes experience and knowledge of practices in other fields can help the social entrepreneur see new ways of doing things.

Relevant personal experience can also serve as a filter and guide in the idea generation process, informing the social entrepreneur's intuitions about which ideas have a better chance of working. However, despite its clear value, experience may lead to biases that limit the range of possibilities that we see. A famous Zen master once said, "In the beginner's mind there are many possibilities, but in the expert's there are few." Experts often fail to see possibilities that are evident to newcomers. The challenge is to marry the openness of a beginner with the wisdom that comes from experience.

Social Needs *Personal experience is valuable, but it is limited and may be idiosyncratic. Sound entrepreneurial ideas respond to genuine needs. For business ventures, these are unmet or poorly met consumer needs. Business entrepreneurs sometimes lose sight of this principle, as experienced during the "dot com" era, generating and pursuing ideas that appeal to the entrepreneur but fail because they are not grounded in market realities. Likewise, social entrepreneurs would be wise to look beyond their personal preferences in the search for promising ideas, basing them on an understanding of social needs.*

For our purposes, "social needs" can be understood as the gaps between socially desirable conditions and the existing reality. They rest on some vision of a better world and are grounded in personal values. Thus, for an idea to be promising, the entrepreneur's values and commitment to addressing a particular social need must be shared by enough key stakeholders to give the proposed venture some initial viability.

Social Assets While it is important to ground new venture ideas in a plausible diagnosis of social needs, there is a danger of over-emphasizing the negative. Some argue that the social sector concentrates too much on needs and that better ideas emerge out of a focus on assets. Northwestern University's John McKnight worries that emphasizing needs can lead us to seeing people and communities as "deficient." He contrasts the concept of a 'neighborhood needs map' that focuses on problems such as unemployment, gangs, illiteracy, crime, child abuse, and homelessness with a 'neighborhood assets map,' that replaces the above problems with local businesses,

community groups, schools, police departments, health centers, available real estate, and more. The latter presents the community in a new light and may inspire creative new ideas that would not be visible if social entrepreneurs looked at needs alone.

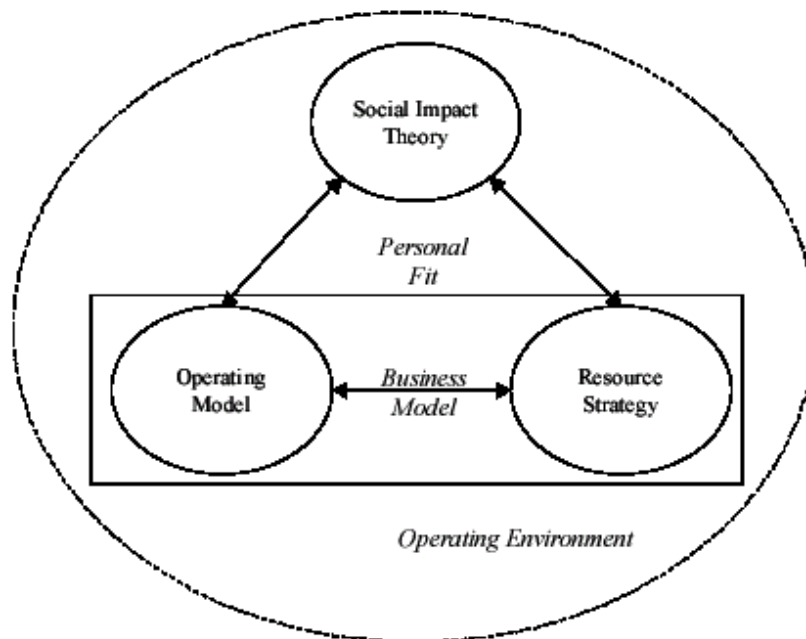
Change It is common to think of entrepreneurs as creating change. Social entrepreneurs looking to generate promising ideas would do well to keep abreast of relevant changes. These changes can take the form of trends moving along at different rates of speed. Changes can create new needs, assets, or both, opening up new possibilities and prompting social entrepreneurs to generate promising new ideas.

Summary *Personal experience, social needs, social assets, and change can stimulate promising ideas, but only if the social entrepreneur also adopts an opportunity-oriented mindset, actively looking for new possibilities to have significant positive social impact.* Successful social entrepreneurs embody this “how can” attitude, particularly in the idea generation phase. How can I translate my personal experience into broad social impact? How can I address a particular social need or make the most of existing social assets to improve society? How can I capitalize on recent changes to create new opportunities for social impact? Effective social entrepreneurs carry this orientation into the opportunity development process, engaging in continuous innovation, adaptation, analysis, and learning along the way.

Step 2: Developing Promising Ideas into Attractive Opportunities

Although ideas are powerful, people often place too much emphasis on the initial flash of brilliance. As we pointed out in the beginning of this note, the bigger challenge is converting an initially appealing idea into a worthwhile opportunity. This step combines rigorous analysis with creative adjustment as social entrepreneurs test and refine ideas through a mixture of action and research. The chances of success are significantly increased if the action and research are grounded in a set of plausible hypotheses about the underlying *social impact theory* and *business model*, which includes an effective *operating model*, and a viable *resource strategy*. These elements represent the core of any worthwhile social venture idea. Each element must be convincing on its own merits, and the combination must fit comfortably together. Furthermore, these elements must be formulated with one eye toward the external operating environment and the other focused on personal fit with the entrepreneur. (Figure 2)

Figure 2: Opportunity Development Framework



Social Impact Theory Underlying any new social venture is a theory about how the venture will achieve its intended social impact. This theory sits at the heart of the venture’s strategy and generally embodies the organization’s mission and values. *The articulation of the theory should include a “convincing statement of how program inputs will produce a sequence first of intermediate and then ultimate outcomes, ... and some indication of the bases, in experience, for expecting a cascade of results.”* By clearly defining the venture’s intended outcomes and means for achieving them, the theory also provides a precise description of the ultimate social impacts for which the organization will hold itself accountable. This kind of articulation gives the potential opportunity a more refined definition than it typically gets in the idea stage, creating a measure of clarity and singularity of purpose.

For example, The Nature Conservancy’s (TNC’s) longtime mission indicates the organization’s intended outcomes: to preserve plants and animals and special habitats that represent the diversity of life on Earth. For most of the organization’s existence, TNC’s approach to achieving its mission was to purchase specific wetlands, forests, and prairies that supported particular species or natural communities. According to TNC’s social impact theory, acquiring these properties would preserve the endangered species by protecting their critical habitats. Each year, TNC increased the number of acres under its protection, the primary intermediate outcome they believed would lead to their long-term goals. However, in the early 1990s, new leadership recognized that this approach was not actually achieving TNC’s intended environmental impact: Species were declining within many of TNC’s protected areas, in large part because activities outside the preserves were affecting the activities within them. Thus, despite its accomplishments, TNC had to modify its social impact theory, revise its measures for success, and adopt a new strategy that focused on threat abatement and the preservation of larger ecosystems rather than merely acquiring and

protecting smaller parcels of land. *Social entrepreneurs should regularly test and, if necessary, revise their social impact theory to assure they are pursuing a worthwhile opportunity.*

Business Model In addition to a compelling social impact theory, every worthwhile opportunity needs to be supported by a plausible business model that includes an effective operating model coupled with a viable resource strategy. These two elements of the business model work closely together to bring the social impact theory to life.

Consider how Habitat for Humanity's operating and resource strategies work together to provide home ownership opportunities to low-income individuals and meaningful volunteer opportunities for community members. *Habitat's operating model requires that the prospective homeowners, along with amateurs and under the supervision of a few skilled crafts people, build the homes. The workforce is mobilized through local affiliates in partnership with churches, universities, and other partners. The resource strategy calls for the workers to volunteer their time, supplies to be donated where possible, and the homeowner to pay a modest, no-interest mortgage. Together these form a social sector business model that has enjoyed uncommon success.*

Operating Model Within the business model, the operating model describes how the social impact theory will be implemented in practice. *It is a combination of specific activities, structures, and support systems that are designed to work together to bring about the intended impact. In developing an operating model, the first step is to trace a chain of activity from inputs to outcomes, identifying every step that is necessary in between. These direct productive activities will usually need to be supported by more administrative functions, such as accounting, human resources, fundraising, etc. When all of these elements are put together, the result looks similar to the "value chain" in a business.* For example, STRIVE is a nationally recognized workforce development agency whose operating model requires a series of activities that work together to achieve its primary social impact goal – helping men and women who have had difficulty obtaining employment achieve financial independence. The following graphic depicts STRIVE's basic operating model:



Resource Strategy An operating model cannot begin to create value unless it is nurtured and supported by a viable resource strategy. The two must mesh together neatly, so that the entire business model is plausible and the on-going resource mobilization process reinforces, rather than undermines, the effectiveness of the operating model. *At the most fundamental resource level, the social entrepreneur needs 'people' and 'things' to go forward. People are most important since they bring with them a wide array of intangible resources, such as skills, knowledge, contacts, credentials, passions, and reputations. Things allow people to put their intangible resources to effective use and can include everything from office space to*

patents. In the social sector, both people and things can be acquired with or without using money. Thus, for social entrepreneurs, a resource strategy is much more than a financial strategy.

The first step in developing a resource strategy is the identification of resource requirements. Entrepreneurs can deduce these requirements from the proposed operating model, along with performance and growth objectives. Once these fundamental requirements are identified, social entrepreneurs have to determine how best to mobilize them. In this stage, there are three main options available to social entrepreneurs: building partnerships or alliances, attracting donations, and paying for the resources. While some partnerships may be desirable as part of the operating model, others are driven more by resource considerations. When resources are scarce or hard to mobilize, as is often the case during a start up stage, it may be wise to build resource-based partnerships with others that have (perhaps under-utilized) resources of the kind required.

The second way to acquire resources without paying is through volunteers and in-kind donations, which can reduce the cash needed to achieve social impact. Social entrepreneurs must keep operational effectiveness in mind while developing a viable resource strategy. Even for those things that are purchased, social entrepreneurs can offer below market compensation or ask for discounts. On the people side, market wages may not be required because of the personal satisfaction that people often get from working for a cause that is deeply meaningful to them.

Moreover, below market compensation also helps screen out candidates who are not fully committed to the social mission. However, offering below market wages may make it hard to attract people with growing families, significant compensation needs, or numerous other opportunities. Finally, with regard to acquiring the major “things” needed (such as space and costly equipment), social entrepreneurs must also decide what they will buy and what they will simply rent or lease. When risk is high, renting or leasing is typically the optimal option.

Based on these decisions, social entrepreneurs should be able to project the cash needs for their ventures. They must then decide where they will get the cash. Though many social entrepreneurs would love for their ventures to be “self-sufficient,” charging customers enough to cover all the operating costs is often not optimal from the point of view of creating social impact. On some occasions, third-party payers (e.g., government agencies or corporations) can be found to cover the costs. But in many cases, revenues gained from service fees and contracts will fall short of what is needed to have the optimal impact. In those cases, philanthropic funding is needed to fill the gap, and the resource strategy has to include a plausible fundraising plan. Often, the challenge in formulating such a plan is finding philanthropic sources whose interests and funding patterns fit with the venture’s needs. Social entrepreneurs must be vigilant about selecting cash income streams that do not pull the venture away from its core mission. A particularly powerful example of this situation when describing Pratham, a nonprofit organization in India that addresses illiteracy and malnutrition amongst the poorest children in Mumbai for only a few dollars per child served each year. At the core of Pratham’s strategy is a commitment to identifying and

utilizing underused resources in their communities. Thus, rather than set up traditional pre-schools, Pratham partners with community organizations, local governments, and corporations to provide the physical infrastructure for their programs, while recruiting and training teachers from outside of the traditional workforce. This approach to employment allows them to tap into another underutilized resource in their communities, unmarried young women, while building a loyal and committed corps of teachers who work for below-market wages. This “capital light” resource strategy has not only allowed Pratham to grow quickly, but it also has helped the Pratham leaders devise an effective and creative operating model that can be adapted for delivery of a wide range of services to poor communities in India.

Operating Environment. Every new venture idea will be implemented in a distinctive operating environment that will be favorable in some respects and challenging in others. Most ventures will make crucial assumptions about their *markets*, the *industry structure*, the *political environment*, and the *culture*.

- *Markets* refer not only to the intended users or clients, but also to third-party payers, donors, volunteers, and workers, anyone who must voluntarily participate in the venture in order for it to be successful. Social entrepreneurs must have a plausible value proposition for each market or stakeholder group.
- The *industry structure* includes alternative providers as well as potential collaborators or partners, crucial complementary services, potential substitutes, and key suppliers.
- The *political environment* refers to specific regulatory requirements and the various potential sources of public support or resistance.
- The *culture* is defined not only by the dominant values of the people in the intended operating environment, but also by behavioral norms and relevant sub-group cultures.

For instance, an entrepreneur who wants to start an intensive job training program for unemployed single parents may assume that child care will not be an obstacle for many of the intended participants. If it turns out that either appropriate and affordable childcare options are not available in the community, or the local culture has strong norms against leaving children with people who are not family, the training program is not likely to have its intended impact. The social entrepreneur may need to redesign the effort, perhaps including childcare as part of it, or rethink the job training idea altogether if childcare issues will make employment after the program infeasible. Thus, a promising opportunity must fit with the characteristics of its environment.

Personal Fit As social entrepreneurs develop their ideas into worthwhile opportunities, they also have to be sensitive to personal fit. Even if they have found an attractive opportunity, it may not be a good opportunity for them. Several factors should be considered in assessing personal fit. For simplicity, we have identified three categories: 1) commitment, 2) qualifications, and 3) stage of life.

Social entrepreneurs must make sure they have the requisite commitment when deciding to pursue a given opportunity. New ventures of any sort are tremendously demanding. Social ventures are even more so. Social

entrepreneurs often struggle to coordinate ambitious social impact goals with scarce income sources and to satisfy excess need for services with an over stretched staff and limited time. Social entrepreneurs must have the same commitment and determination as a traditional business entrepreneur, *plus* a deep passion for the social cause, *minus* an expectation of significant financial gains. Social entrepreneurs should conduct an honest self-assessment of whether they have the skills, expertise, credibility, credentials, and contacts to make a particular venture work. Skills and other personal assets can be developed on the job, but a poor fit in the beginning should give the social entrepreneur pause.

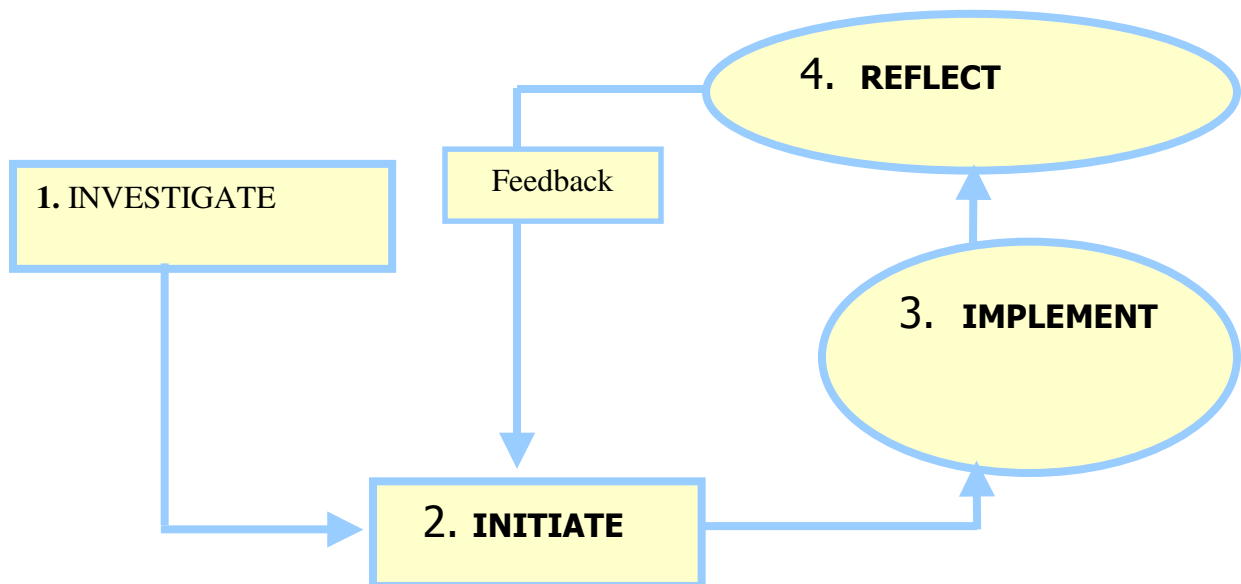
Finally, would-be social entrepreneurs must decide whether it is the right time in their life to pursue this kind of opportunity. Starting a social venture can present a career risk and put a strain on personal relationships, and social entrepreneurs should enter the process with full awareness of these risks. Ultimately, social entrepreneurs would be wise to pursue only opportunities that fit their personal commitment, qualifications, and stage in life.

Summary In order to determine whether a promising idea can be transformed into an opportunity worthy of serious pursuit, it is essential for the social entrepreneur to articulate a compelling social impact theory and a plausible business model. Developing a plausible business model requires designing an effective operating model and crafting a viable resource strategy. These pieces must fit together, and the assumptions embedded in them must be credible given the environment in which the social entrepreneur intends to operate. Finally, the requirements of the venture must fit the commitment, qualifications, and life stage of the entrepreneur considering it.

How CSIM contributes to the field of social entrepreneurship

The *aim of CSIM is to build human resource capacity*: to develop social entrepreneurs who will practically deliver social change, who will eventually meet the criteria listed above. Such social entrepreneurs may or may not head a social institution. Those who head one, will be trained to make their organizations mission driven, where strategizing, planning and performance ethic will play an all-important role. The model aimed at is a micro enterprise whose practices will be easy to document, evaluate and replicate. We believe that *scaling out* rather than *scaling up* will help to gradually and efficiently address our dire social problems.

SOCIAL ENTREPRENEURSHIP THINKING APPLICATION



- 1. List 10 reasons why Social Entrepreneurship (SE) is required in your NGO/in the social sector.**
- 2. List the hurdles that may come in the way of implementing SE criteria.**
- 3. Who are the members in the NGO whose buy-in is essential for Social Entrepreneurship?**

STEPS TO MOVE FORWARD

INDIVIDUAL

- o **Criteria 1: A passion for a cause** - this is the *big idea* that drives him/her. In this case, this idea is, of course, a *pattern changing* idea, a clearly articulated vision of social change. We may term this as '*social acumen*', which enables the entrepreneur to unerringly separate the cause and the remedy for a social problem.

Keywords: '**Pattern changing Idea**', **Clearly articulated Vision**

1. What is the driving force/trigger/inspiration for your social change idea? How long have you had this idea in mind?
2. What information (data) and knowledge do you possess regarding the social cause? Who are the other organizations in this field? How does your idea differ from the one's being used by other NGOs/Social change agents? Is your idea a pattern changing idea (or is it just fire-fighting)? What makes you think so?
3. What would you do if someone told you that your idea was unworkable, impractical? If you agree, what modifications do you foresee and if you do not agree, what rationale can you present?
4. What risk is involved in going ahead with the social change idea? How do you intend to cope/manage the risks involved?
5. How many and what kind of people have got motivated and become enthusiastic about the social cause you work with?

- o **Criteria 2: Aspiration** – a social entrepreneur thinks big but his/her aspirations take into account the resources available and the constant changes in the environment.

Keywords: **Think Big, but keep Resources in mind, Account for Change in Environment**

1. What is your aspiration with respect to the social cause you are working towards? In what timescale can your aspirations be achieved?
2. What are the resources/capacity (define human resources, funding, networks, infrastructure, knowledge, qualification, technical core competence etc) on hand and how do they enable achievement of the aspirations?
3. What resources are you assuming will be available and thus expecting to achieve the aspirations? How these assumptions can be converted into reality?
4. What changes are happening in the environment in which you are operating? What are the positive changes and how are you planning

to capitalize them? What are the negative changes and how do you intend to counter them?

5. What is the resource crunch that you are facing? How do you plan to overcome it?

- o **Criteria 3: Leadership** – this leader exhibits the traits of a ‘servant leader’, one who knows that the social cause is much bigger than any individual, one who is passionate without being possessive, who knows that one has to sometimes give up to conquer.

Keywords: **Serve first-leader later, the cause is bigger than the individual**

1. What are the ideal traits of the leaders of a social organization? Which of these traits do you possess, which would you like to cultivate?
2. Who plans, implements programs in your organization? Do you have a team? What is the role of the team members?
3. Has your vision/mission changed in any way since the inception of your organization? Are these desirable changes? What is your attitude, your future goals regarding these?
4. What is your role in attaining the social mission?
5. In what manner are you aligning the staff/volunteers to the social mission?
6. What is the level of management when you are not in the NGO?
7. What reinforcement (how do you acknowledge achievements) is practiced in the organization?
8. What processes do you have to collect feedback from your staff and volunteers? How do you handle criticism? How do you incorporate changes in your idea/mission based on grassroot realities presented by the staff?

ORGANIZATIONAL

- o **Criteria 4: Innovation** – Driven by his/her clear sense of purpose, a social entrepreneur constantly innovates and redefines existing patterns of society. S/he chooses an innovative operating model that has the potential to draw the attention of donors and engagement of beneficiaries.

Keywords: Constantly Innovate, Redefine existing societal patterns

1. What creative methods do you use to address deep-rooted social cause that the organization is working with? How is it different from the one's existing?
2. How many donors & beneficiaries have you been able to attract because of innovative methods that your organization uses?
3. Describe creative methods in HR, resourcing, social impact measurement, marketing, communication, partnerships etc. Or describe the innovations made in each activity of your value chain (series of sequential steps that systematically add value to outputs from the earlier step)

4. Has your organization adapted a model that is already being practiced by other NGOs? What adaptations did you make?
 5. What failures have you had w.r.t. your organization's operating model and what revisions were made or planned?
 6. How does your operating model extract/empower the potential of the beneficiaries your organization serves?
- o **Criteria 5: Planning and Resourcefulness** – like all true entrepreneurs, a social entrepreneur has business acumen, the knack of getting more out of less. S/he knows how to make a little go a long way. And this is as a result of meticulous planning, where trial and error or fire fighting have little role to play. The focus is on optimizing the available resources (time, talent, money and infrastructure) and investing them wisely, without losing the focus on core competence.

Keywords: **Business acumen, Optimise-Getting more out of less, Planning, No space for trial and error or fire fighting**

1. What systems are available for planning Human Resources, Finance, Programs and Projects?
 2. What resources are required- resource mapping & how are they met?
 3. What "hidden" resources do you have access to? You know it and yet haven't approached? You know it and you have leveraged it?
 4. How can the social impact be improved by practicing planning? What disables planning in the organization?
 5. Examples of optimum resource usage?
- o **Criteria 6: Sustainability** – the social entrepreneur faces up to the challenge of sustaining his/her organization in a variety of ways, constantly learning and always willing to adapt to change.

Sustainable organizations have, at minimum:

- A clear mission and strategic direction;
 - The skills to attract resources from a variety of local, national and international sources and the know-how to manage them efficiently for maximum benefit to communities.
1. **Benefit sustainability** – This deals with how to ensure that the benefits accrued to society/communities from the work of social entrepreneurs are sustained with or without the programs or organizations that initiated the benefits.
 2. **Organizational sustainability** – Another important aspect is ensuring that the organizations created by social entrepreneurs to carry out their work can become sustainable for the length of time necessary to fulfill their mission. Organizational sustainability looks at several key components of strong, effective organizations and works on the premise that all components are ultimately essential to the overall sustainability of the organization and its work. These

components are: financial resources, human resources, management practices, governance, strategic direction, external relations, and service delivery.

3. **Financial sustainability** – This is a component of organizational sustainability, although the two are often confused. It is the measure of an organization's ability to raise resources from a variety of sources (earned income, local, national, international, private and public) with increasing amounts of local funding and earned income.
4. **Community sustainability** – It is important to ensure that communities are empowered to create community-based organizations to provide services and/or effectively advocate with governments or private sector entities to provide the desired services.

Keywords: Organizational sustainability, Financial sustainability, Adapt to change, Sustainability of your mission

1. What does Sustainability mean to you and the organization?
2. In what areas do you need sustainability?
3. What steps you have taken/plan to take to address this need?
Any innovative methods?
4. By being sustainable, what social impact will your organization generate?
5. What is your and staff contribution towards sustainability?
6. What expectations do you have from your donors in becoming sustainable?

EXTERNAL

- o **Criteria 7: Collaboration and Communication** – a social entrepreneur recognizes the vital need to network and collaborate, to share ideas and operate transparently with all stakeholders. S/he builds a value chain in social service, creating a synergy by enrolling a large number of persons in the community in various roles.

Keywords: Network with government, Social organizations, Corporates, Partners Communication - Be transparent, Share ideas, Communicate to Donors, Staff, Beneficiaries and others

1. What collaboration does your organization have/plan? What is the mutual gain in these collaborations?
2. What communication tools and processes do you employ in engaging stakeholders?
3. What is the value chain (series of sequential steps that systematically add value to outputs from each step- completing the value chain will make reaching the social cause effective) in the social cause you are serving?
4. Describe the networks your organization has and how are you planning to leverage it?
5. Who are the board/committee members? What role do they play in the organization?

6. Who are the organization's well wishers/mentors/guides and how and when does the organization communicate and involve them?
- o **Criteria 8: Social Impact** – an organization headed by a social entrepreneur will demonstrate both immediate and potential impact and bring about a systemic social change. Corrective action is taken as a result of this measurement and proceedings are carefully documented. This enables complete accountability and also helps to return to and evaluate the mission periodically.

Keywords: **Immediate and Potential Impact of your organization or cause, Measuring systems, Feedback loops, Proper Documentation and Reporting, Evaluation systems, Accountability is the key**

1. What is the intended social impact of the organization? Is the organization achieving it?
2. What are the impact measures? Are these measures validated and proven for feedback for improvement?
3. How is the social impact documented and communicated to the stakeholders?
4. What monitoring & evaluation processes exist to track impact and connect it to the mission?
5. What learnings has your organizations got from measuring the impact?

APPENDIX

A. Other Definitions of Social Entrepreneurship

Ashoka Foundation

"The job of a social entrepreneur is to recognize when a part of society is stuck and to provide new ways to get it unstuck. He or she finds what is not working and solves the problem by changing the system, spreading the solution and persuading entire societies to take new leaps. Social entrepreneurs are not content to give a fish or teach how to fish. They will not rest until they have revolutionized the fishing industry."

Peter Brinckerhoff in *Social Entrepreneurship*

"The core of social entrepreneurship is good stewardship. Good stewards don't just rest on their laurels, they try new things, serve people in new ways, are lifelong learners, try to have their organizations be fonts of excellence."

"Social Entrepreneurs have these characteristics..."

- They are constantly looking for new ways to serve their constituencies and to add value to existing services.
- They are willing to take reasonable risk on behalf of the people that their organization serves.
- They understand the difference between needs and wants.
- They understand that all resource allocations are really stewardship investments.
- They weigh the social and financial return of each of these investments.
- They always keep mission first, but know that without money, there is no mission output."

National Center for Social Entrepreneurs, USA

By adopting entrepreneurial strategies, social entrepreneurs are able to:

- Identify and expand their most effective and needed programs: 'Productively' dispose of their more peripheral programs
- Selectively identify new programs where there is an identified need...and revenue to support them"
- To actually start new business ventures that are rooted in the core competencies of their organizations
- And become increasingly self-sufficient financially – less dependent on government and charity."

Kauffman Center for Entrepreneurial Leadership

- "Pathbreaker(s) with a powerful new idea, who combines visionary and real-world problem-solving creativity, who has a strong ethical fiber, and who is 'totally possessed' by his or her vision for change";

- "People who attempt to take innovative approaches to social and other issues, most often with the use of traditional business skills applied in order to achieve some type of social goal" (The Roberts Enterprise Development Fund);
- "Pioneers (who) are discovering that entrepreneurship can help them simultaneously meet community needs and become more financially self-sufficient" and "Nonprofit executives who pay increasing attention to market forces without losing sight of their underlying missions"

Canadian Centre for Social Entrepreneurship

"Social entrepreneurs combine street pragmatism with professional skills, visionary insights with pragmatism, an ethical fibre with tactical thrust. They see opportunities where others only see empty buildings, unemployable people and unvalued resources....Radical thinking is what makes social entrepreneurs different from simply 'good' people

B. Selection Criteria for identifying Social Entrepreneurs

Early stage social entrepreneurship involves the initial work of conceiving, planning, launching, implementing and assessing an idea. Early stage innovations often remain local. Ashoka supports social entrepreneurs at this stage. **Middle stage** is characterized by expansion, organizational development, and deeper institutionalization of a successful innovation, and the innovation is being implemented on a broader scale, regionally or nationally. In **late stage** social entrepreneurship, the innovation is widely accepted as a new pattern in society. The impact can be clearly seen in many ways, and it has been disseminated to affect regional or international populations.

Ashoka Fellows are leading social entrepreneurs who we recognize to have innovative solutions and the potential to change patterns across society. Ashoka Fellows must undergo a rigorous search and selection process in which they demonstrate the following attributes:

- **A big new idea**
- **Creativity**
- **Entrepreneurial quality**
- **Social impact of the idea**
- **Ethical fiber**

Search and Selection

Ashoka has established and refined a comprehensive selection process for identifying and electing the most innovative social entrepreneurs, with the greatest probability of achieving large-scale social impact. Since 1982, this 5-

step search and selection process has been carefully refined in 43 countries.

Defining Characteristics of a Leading Social Entrepreneur:

01. A Knock-out Initial Test: A New Idea

Is the person possessed by a truly new idea for solving a public need? Is it a truly transformational innovation, or just a tweaking of how things are now done? How is it different from what others do in the field?

02. Creativity

Is the person creative - both in vision/goal-setting and in problem solving? How creatively does the person approach opportunities and obstacles - be they organizational or political? Does he/she create original solutions?

Criterion 1: Creativity

Successful social entrepreneurs must be creative both as goal-setting visionaries and in the essential follow-up problem solving. They must use their creativity day after day, year after year, to succeed. Creativity is not a quality that suddenly appears. It is almost always apparent from youth onward.

Questions to consider:

Is the person creative - both in vision/goal-setting and in problem solving? How creatively does the person approach opportunities and obstacles - be they organizational or political? Does he/she create original solutions?

03. Entrepreneurial Quality

Is the person so committed to his/her vision that it is impossible for him/her to rest until the vision becomes the new pattern across society? Is the person willing to spend years relentlessly grappling with myriad, practical "how to" challenges (how to get to national scale, how to make the pieces fit together, etc)?

Criterion 2: Entrepreneurial Temperament

Ashoka is looking for individuals who are, by temperament, that rare phenomenon, the first class entrepreneur. We are looking for men and women who are possessed by an idea; who will persevere refining, testing, and then spreading or marketing the idea until it has become the new pattern for society as a whole. Because true entrepreneurs cannot rest until their ideas have become the new pattern for their society, they design their ideas with that end constantly in mind.

They are as interested in the practical or "how-to" (strategic and tactical) questions as they are in the vision itself. How will they transform an idea into society's new norm? How will the pieces fit together? How will they deal with the many challenges they will certainly encounter? From early morning to late at night, year in and year out, they constantly listen to their environments, seek out threats or opportunities that might affect their ideas, and refine their ideas

until they are so well thought out that they will succeed at the national level and beyond.

Questions to consider:

Is the person so committed to his/her vision that it is impossible for him/her to rest until the vision becomes the new pattern across society? Is the person willing to spend years relentlessly grappling with myriad, practical "how to" challenges (how to get to national scale, how to make the pieces fit together, etc)?

04. Social Impact of the Idea

Is the idea likely to solve an important social problem at the national level or beyond? Is the idea itself sufficiently new, practical, and useful that people working in the field will adopt it once it has been demonstrated?

Criterion 3: Social Impact of the Idea

Successful social entrepreneurship needs not only an extraordinary champion to develop an idea but a powerful, practical new idea that will spread on its own merits. Therefore, this criterion, unlike the other three, focuses on the candidate's idea, not the candidate.

Ashoka is only interested in ideas that it believes will change the field significantly and that will trigger nationwide impact or, for small countries, broader regional change.

Questions to consider:

Is the idea likely to solve an important social problem at the national level or beyond? Is the idea itself sufficiently new, practical, and useful that people working in the field will adopt it once it has been demonstrated? How many people will benefit? How much will they benefit?

05. Ethical Fiber

Is the person totally honest? Would you instinctively trust him/her? (A quick intuitive test: Imagine yourself in danger and ask if you would feel fully comfortable if the candidate were with you.) Is his/her motivation deeply and firmly rooted in a commitment to serve others?

Criterion 4: Ethical Fiber

This is a fundamental criterion for three reasons:

Social entrepreneurs introducing major structural changes in society, in effect, have to ask a great many people to change how they do things. If people do not trust the entrepreneur, the likelihood of success is significantly reduced.

The world already has enough untrustworthy public leaders. Ashoka does not want to add to the supply.

The quality of Ashoka's collaborative fellowship is dependent upon the free exchange of information and insights and trust of each other.

Questions to consider:

Is the person totally honest?

Would you instinctively trust him/her? (A quick intuitive test: Imagine yourself in danger and ask if you would feel fully comfortable if the candidate were with you.)

Is his/her motivation deeply and firmly rooted in a commitment to serve others?

Criteria for Selection into the Schwab Network

Social entrepreneurs can work in various fields. Among the most common areas are health, education, environment, micro-finance and enterprise development. Since a balanced intervention requires an integrated approach, their activities often span several fields at the same time.

When selecting the members for its network, the Schwab Foundation applies a number of criteria that together characterize an outstanding social entrepreneur. These are:

1. **Innovation** - The candidate has brought about social change by transforming traditional practice. Such transformation can have been achieved through an innovative product or service, the development of a different approach, or a more determined or rigorous application of known technologies, ideas and approaches. What is characteristic of a social entrepreneur is coming up with a pattern-changing idea and implementing it successfully.
2. **Reach and Scope** - The social entrepreneur's initiative has spread beyond its initial context and has been adapted successfully to other settings, either by the entrepreneur him or herself, or through others who have replicated or adapted elements of the initiative.
3. **Replicability** - Aspects of the initiative can be transferred to other regions and are scalable. The social entrepreneur is committed to openly sharing with others the tools, approaches and techniques that are critical to the adaptation of the initiative in different settings.
4. **Sustainability** - The candidate has generated the social conditions and/or institutions needed to sustain the initiative and is dedicating all of his/her time to it. The organization is achieving some degree of financial self-sustainability through fees or revenues or is engaged in creating mutually beneficial partnerships with business and/or the public sector. Where possible, economic incentives are embraced. In any case, there is a clear difference from traditional charity and a move towards community-based empowerment and sustainability. There is also a difference with traditional business. The orientation toward social and environmental value creation predominates, with

financial return treated as a secondary means to an end, rather than an end in itself.

5. **Direct positive social impact** - The candidate has founded, developed and implemented the entrepreneurial initiative directly, together with poor or marginalized beneficiaries and stakeholders. Impact manifests itself in quantifiable results and testimonials and is well documented. There are no significant negative externalities. In very rare instances will the Foundation consider intermediary non-governmental organizations or foundations that seek to create social value through provision of financial and technical support to community-based groups.
6. **Role model** - The candidate is an individual who can serve as a role model for future social entrepreneurs and the general public. Reference checks must confirm the unquestionable integrity of the candidate.
7. **Mutual value-added** - In considering a candidate for acceptance into the Schwab network, the Foundation must see a clear opportunity to provide further legitimacy, networking and resource mobilization opportunities that strengthen and replicate the candidate's initiatives. Candidates must demonstrate an interest in building a network of outstanding social entrepreneurs that stimulates and supports its participants actively to help one another.

Characteristics of Social Entrepreneur

Jerr Boschee, the President and CEO of the National Center for Social Entrepreneurs, USA from his experience of working with social entrepreneurs, has listed what he terms the "raw materials" of social entrepreneurship:

- 1) Candor;
- 2) Passion;
- 3) Clarity in mission;
- 4) Commitment;
- 5) Core Values;
- 6) Products and services driven by customers;
- 7) Sound business concepts;
- 8) Willingness to plan;
- 9) Building the right team;
- 10) Having sufficient resources;
- 11) Ability to improvise;
- 12) Ability to develop a network of relationships and contacts and
- 13) Ability to communicate an inspiring vision in order to recruit and inspire staff, partners, and volunteers, because social entrepreneurship often demands establishing credibility across multiple constituencies, and the ability to mobilize support within those constituencies.

C. Difference between For - Profit and Non - Profit Entrepreneurs

Major differences are:

For-Profit Entrepreneurs	Social Entrepreneurs
<ul style="list-style-type: none">* Strength from personal skills and knowledge* Focus on short-term financial gain* No limit on scope of ideas* Profit is an end* Profit pocketed or reinvested for further profit	<ul style="list-style-type: none">* Strength from collective wisdom and experience* Focus on long-term capacity* Ideas limited by mission* Profit is a means* Profit put into serving people

D. Why Running a Non-Profit is the Hardest Job in Business

Interview with Jed Emerson, Senior Research Fellow, Harvard Business School, Excerpted from HBS Working Knowledge published in the Internet

Q. In your research and experience, can you point to particular nonprofits you'd describe as truly entrepreneurial?

A: In some ways, simply existing as a nonprofit is a testament to one's success as an entrepreneur. Think of it this way—imagine waking up one day as a business leader only to find that your strategies for raising capital are limited to what you can convince people to give you (you have no equity options to provide investors and extremely few options for securing debt), your Management Information System (MIS) is non-existent because none of your investors believes in funding "overhead," and you have been operating your venture for three years, yet have absolutely no idea whether or not you are being effective in the marketplace. Most nonprofit organizations are penalized for building managerial or other capacity since everyone wants their money to be "targeted to the cause." In many ways, if you're even operating after five years, that in and of itself is a testament to your entrepreneurship! With that consideration in mind, many nonprofits reflect incredible entrepreneurship. Housing Works in New York City operates a number of businesses employing people with AIDS—and does so with a minimum of government funding since their ventures generate millions of dollars annually in income to support the organization. Food From the Hood, founded in South Central LA, employs inner city kids in urban agriculture and sells salad dressing, apple sauce, and other products with profits going into a scholarship fund for the youth participating in the program. Rubicon Programs in Richmond, CA (a city in the San Francisco Bay Area that has been left behind during the boom of past decades) operates both a landscaping venture and a high-end dessert bakery that employs dozens of folks from their neighborhood

Q: What keeps some nonprofits from being entrepreneurial?

A: Over the past thirty or forty years some of those in the nonprofit sector have developed a sense that "business" is bad and being entrepreneurial means you have to sacrifice your social mission. If you believe that, then being entrepreneurial in your response to social, environmental, and other problems may be hard. Having said that, there is a growing number of younger people who, MBA in hand, are entering the sector. And there's an equally large number of folks with mainstream business backgrounds who are leaving business at mid-career and joining social ventures. Together with those of us who were born and raised in community work, these folks are making a real difference in both the mindset and skill set of those who are combating poverty or illiteracy or whatever your issue is. This has all combined to help, in part, create the social entrepreneur of today.

E. For Non Profits, Entrepreneurial Means.....

- Increasing earned revenue and profit
- Agile
- Looking for resources and opportunities
- Crafting deals
- Responding to market demand and opportunities
- Creating an environment for new ideas and strategies
- Challenging the status quo, familiar paradigms, and established beliefs
- Constantly redefining customers
- Developing and testing new products and services
- Redefining business in response to actual and anticipated developments
- Implementing "outside the box" strategies
- Innovative
- Risk-taking
- Creating, collaborating, and synthesizing
- Inventing new ways to do business
- Nontraditional
- Operating in a fast, flexible and focused manner
- Seeking nontraditional funding/capitalization
- Creating new models for the sector
- Moving quickly to new challenges
- Applying private sector thinking and ideals to operations and activities
- Forming strategic partnerships
- Designing and developing programs that reach out beyond traditional constituencies and supporters
- Cutting edge

F. Entrepreneurship & the Non-Profit World

By William E Strickland, Jr., Manchester Craftman's Guild

The subject of entrepreneurship in the context of nonprofit life seems on the surface like a contradiction in terms. Nonprofit organizations are concerned with issues of a charitable nature—helping others and focusing on needs rather than outcomes. The cost of the mission, while important, is viewed as tangential to the core mission, whether it be homeless issues, mental health services, or food distribution to the needy.

In many respects, Manchester Craftsmen's Guild, in Pittsburgh, reflects this service orientation. *It is a viable model provided that financial resources are without limit and both private philanthropy and government funding continue to be lucrative sources of revenue. However, the current economic crisis in our country has demonstrated the consequences of becoming dependent on just one source of income.*

In the recent past, organizations have witnessed a major reversal in government funding. Scores of social programs and the helping professions have seen a wholesale reduction in funding from education to mental health to AIDS awareness support. This rollback by the government has been mirrored by private and corporate philanthropy. In part because of the wholesale selloff of stocks and a reduction in the bond market, private foundations, in particular, have witnessed a major decline in available funds to support well-established social programs. No one has been exempt. Symphonies, mental health clinics, food distribution facilities, environmental groups, and countless others have experienced a 50 percent or more reduction in giving from these sources. This is a pattern of things to come.

There will not be a recovery in funding to the levels known in the late '80s and '90s. The wealth of the technology companies in the Silicon Valley was a historical anomaly unlikely ever to be seen again in our lifetime.

Given all this, nonprofits must consider earned income and a diversified revenue strategy as essential to their survival. Even in good times, organizations concerned with the poor, the disenfranchised, and the economically distressed were difficult to sell; in bad times, they may not survive. The idea of making money is a concept nonprofits need to contemplate more deeply because we are all totally dependent on capital for our survival.

But entrepreneurship is not just a financial concept. *Becoming more entrepreneurial is as much a shift in organizational culture as a broadening of economic opportunity. As we begin to think like entrepreneurs, we will become sharper and more focused. We will learn how to "sell" our ideas to a much broader constituency. We will learn to evaluate staff and organizational capacity in a much broader way, and our commitment to entrepreneurship will have an impact on how we recruit and select board members.*

As examples of this kind of new economic thinking, I hold up the Girl Scouts, Focus Hope, and the Sierra Club, to cite a few. Each has a unique story to tell but one that illustrates the entrepreneurial spirit. In the case of Manchester Craftsmen's Guild we have created a very successful training program called the Denali Initiative to teach nonprofit executives about entrepreneurship. The Denali Initiative has already worked successfully with nonprofits such as the Children's Choir of Chicago and La Causa of Milwaukee. Both organizations are thriving examples of goal-based practice of practical application entrepreneurs. Even top-rated business schools such as Harvard, Stanford, and Kellogg are offering MBA-level courses focused on social entrepreneurship.

Nonprofit entrepreneurship is a subject well worth exploring by both funders and the funded, by the private sector and the public sector. It must become a component of any survival strategy by nonprofits, including my own organization. *Those that accept the challenge of incorporating entrepreneurship into their core mission will find a world of opportunity awaiting them.*

Bill Strickland is the president and CEO of Manchester Craftsmen's Guild and Bidwell Training Center, Inc., both founded in 1968. Throughout his career, Strickland has been honoured with numerous prestigious awards for his contributions to the arts and the community. Mr. Strickland earned a bachelor's degree in American history and foreign relations from the University of Pittsburgh and graduated cum laude. Currently he is a Masters of Arts Degree Candidate at the University of Pittsburgh.

G. How successful Social Entrepreneurs mobilize resources and leverage their ideas

By Mirjan Shoning, Director, Schwab Foundation for Social Entrepreneurship

FINDING NEW WAYS TO MOBILIZE RESOURCES

The chart below gives an overview of different strategies social entrepreneurs are increasingly using to mobilize resources. The third column provides examples of different organizations employing the respective strategy.

Strategy	Variations	Examples ³
Sale of products and services	<ul style="list-style-type: none"> ▪ Mission related <ul style="list-style-type: none"> ▪ Beneficiaries are customers ▪ Export-oriented ▪ Not linked to the mission 	IRUPANA, Bolivia Project Impact, USA APAEB, Brazil Population and Development Association (PDA), Thailand
Fees/ cost recovery	<ul style="list-style-type: none"> ▪ Membership fees ▪ Licensing fees 	Self Employed Women's Association (SEWA), India All fairtrade/ Max Havelaar organizations Phulki, Bangladesh
In-kind resources	<ul style="list-style-type: none"> ▪ Goods for programs or operations ▪ Technical assistance and expertise ▪ Volunteers 	CDI, Brazil CHETNA, India Bily Kruh Bezpeci, Czech Republic CityYear, USA
Partnerships	<ul style="list-style-type: none"> ▪ With businesses ▪ With governments ▪ With local communities 	ASAFE, Cameroon Childline Foundation, India EcoClubes, Argentina
Raising funds from the public	<ul style="list-style-type: none"> ▪ Special events ▪ Additions to customer bills (hotel, electricity bill, cell phone bill, ...) 	Endeavor, USA Habitat for Humanity, USA

EXPANDING DESPITE RESOURCE RESTRAINTS

The quality of entrepreneurship – both social and business – is manifest in their relentless desire to expand their approach to other beneficiaries and settings. Expansions into new areas or even countries typically require capital and human resources, which are chronically in shortage. But social entrepreneurs have found models for expanding and leveraging their ideas without necessarily investing large sums. Three of these strategies are described below:

1. **Franchise Models**
2. **Decentralized Nodes / System of Affiliates**
3. **Partnerships**

INCREASING TRANSPARENCY AND MEASURING IMPACT

A third tendency that will only be mentioned briefly is that successful social entrepreneurs embrace the need for more transparency and accountability instead of simply saying that they do good for society, period. Social entrepreneurs want to set themselves apart from organizations that are less able to deliver on their promises and are embracing the development of

metrics to measure their performance or social impact. Donors and social investors are becoming more sophisticated and demand clear accounts and evidence on the breadth and depth of the social impact. Single storytelling and fundraising based on “politics, perception and persuasion” will hopefully soon be a phenomenon of the past.

H. Important Weblinks

1. www.ashoka.org
2. www.schwabfound.org
3. www.fuqua.duke.edu
4. www.socialentrepreneurs.org
5. www.emkf.org
6. www.bus.ualberta.ca/ccse
7. www.authenticityconsulting.com
8. www.communitywealth.org
9. www.hbs.edu/mba/experience/learn/socialenterprise
10. www.gsb.stanford.edu/csi/SE_resources.html
11. www.globalgiving.com

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