



# Book Social Entrepreneurship

## What Everyone Needs to Know

David Bornstein and Susan Davis  
Oxford UP, 2010  
[Listen now](#)

- play
- pause

00:00  
00:00

## Recommendation

George Soros once said, “Let business be business and philanthropy be philanthropy. Keep the two separate.” And never the twain shall meet. However, even Soros, capitalist businessman and philanthropist extraordinaire, eventually succumbed to seeing the merits of and need for social enterprise. David Bornstein and Susan Davis, two scholars of social innovation, offer a truly inspiring book about the noble, burgeoning field of “social entrepreneurship.” They offer recognition to the countless anonymous individuals who address the world’s most intractable problems, and they dole out useful advice to the “changemakers” who give voices to people who have none. Although this guide may be a tad basic for workers at established social enterprises, *BooksInShort* recommends it as a wonderful source of tips and inspiration to budding social entrepreneurs in all fields who strive to change the world for the better.

## Take-Aways

- Humans have suffered throughout time, but during the past 40 years, “education, health care and communications” have enhanced the lives of hundreds of millions of people.
- Small groups of dedicated individuals have helped make the world a better place.
- Such “social entrepreneurs” use classic business methods and best practices to tackle society’s most intractable problems.
- Social entrepreneurs work from the bottom up, not from the top down. Working at the grassroots level, they help disadvantaged people help themselves.
- Social entrepreneurs try changing attitudes about social justice and environmental issues.
- Their work involves fighting “apathy, habit, incomprehension and disbelief,” while battling parties with “vested interests.”
- Many social entrepreneurs cannot secure necessary “growth capital.”
- Few institutions grant growth capital to social enterprises, thus many are underfunded.
- To become a “changemaker,” set a goal. Read inspirational stories about the men and women who have changed the world, and research the problem you want to eradicate.
- Create a “theory of change,” and hold onto your principles.

## Summary

### What a Few Individuals Can Accomplish

The small group of hijackers who committed the September 11, 2001, terrorist attacks showed the world what immense destruction a few focused individuals can accomplish. Conversely, small groups also can do immense good. Across the globe, teams of dedicated individuals are focusing on and solving intractable issues,

including hunger, poverty, human rights violations, disease, political corruption and environmental destruction. The members of this “citizen sector” use “powerful ideas and new tools” to address the world’s most daunting problems. They “unleash human potential” by helping people in distress help themselves, allowing them to “live with dignity.”

“A kind of activism is emerging that is more concerned with problem solving than voicing outrage.”

In the past, people labeled these progressive individuals as “visionaries, humanitarians, philanthropists, reformers, saints or simply great leaders.” Today, “social entrepreneurs” emerge from every walk of life. They found and run “social enterprises,” organizations that use entrepreneurial business techniques to address pressing public issues. A social entrepreneur can be an “intrapreneur,” someone who sparks positive activity within an existing business or organization, or a “changemaker,” someone who takes responsibility for constructive change.

## **Social Entrepreneurship Through the Ages**

Throughout history, people have suffered. More than 75% of the world’s population was slaves or serfs until the end of the 18th century, while most of the remainder had to live under monarchs or dictators they dared never question. “Crushing poverty, disease and violence” marked their difficult lives. Until recent times, segregation, discrimination and disenfranchisement burdened “women, dark-skinned people, the disabled and any number of minority groups.” Of course, discrimination remains an oppressive factor in many lives. Even today, “gay, lesbian and transgender people” have not achieved full legal equality.

“Today’s changemakers share one common feature: They are building platforms that unleash human potential.”

However, since the 1970s, matters have started to improve for numerous minority groups. Many dictatorial regimes have disappeared, the global middle class has expanded, and “education, health care and communications” have improved the lives of hundreds of millions of citizens. Coinciding with these worldwide changes and growing freedoms was the rise of “millions of new organizations aimed at addressing problems from every conceivable angle.” Once upon a time, countries like Brazil, Hungary, Nigeria, Pakistan, South Africa, Spain and Vietnam would not tolerate social activists. While dangers still exist in some of these countries, social entrepreneurs generally can work freely. Millions of social organizations now labor to eradicate poverty, protect human rights, reduce environmental degradation, and fight for civil rights for minorities, among countless other causes. These activists no longer are happy to “wait for governments, corporations, churches or universities to lead.”

“We know far more about the world’s problems than about the world’s problem solvers.”

The Bangladesh Rural Advancement Committee (BRAC) is an excellent example of an effective social entrepreneurial organization. Founded by former Shell Oil executive Fazle H. Abed, it is “involved in rural education, health care, microfinance, and social and economic development.” BRAC hires locals competitively, and not according to the favoritism or bribery that are customary in Bangladesh. BRAC focuses strictly on results. Although it refuses to bow to the development desires of donors who give money to fulfill their own agendas, BRAC has been extremely successful in winning “grants, low-cost loans and loan guarantees.” Its staff now numbers in the tens of thousands, and it has been able to “mitigate poverty on a massive scale.”

## **The Challenge of Social Enterprise**

The answers to most of today’s widespread public issues are common knowledge, but the challenge lies in taking “the knowledge we possess in bits and pieces” and applying it on a worldwide scale. A social entrepreneur’s work involves fighting “apathy, habit, incomprehension and disbelief,” while battling parties with “vested interests.” Those who stand to benefit most from the work of social entrepreneurs often oppose their efforts. Social entrepreneurs who manage to get their projects off the ground often cannot sustain them. They constantly must strive for funding and positive publicity. They must be prepared for setbacks, crises and disruptive emergencies, and they must adopt long-range goals and soldier on regardless of obstacles.

“Social entrepreneurship is contagious.”

Social entrepreneurs share some general characteristics: They tend to be very independent and “are biased toward action.” While common perception sees them as risk averse, it is “challenges” rather than “chance” that entices them. They are “surprisingly nonideological,” though they are passionate about their ideas, dreams that they turn into reality. They have the same dedication and focus as business entrepreneurs. Of course, a business entrepreneur’s goal is to create profit, while a social entrepreneur wants to improve society. Sometimes an organization can do both. For example, Chicago-based ShoreBank Corporation, the US’s “first community development and environmentally conscious bank holding company,” is a profit-making entity, but it concentrates primarily on accomplishing the most social good through its lending. While other financial institutions neglected the inner cities in pursuit of profits, ShoreBank “became the only bank to support the landmark Community Reinvestment Act,” which opposes redlining – that is, the refusal of mortgages and insurance to inhabitants of poor neighborhoods.

## **Bottom Up, Not Top Down**

Unlike top-down government, social entrepreneurship organizations work completely from the bottom up. Working at the grassroots level, they try to help people become self-sufficient, and to inspire individuals and organizations to emulate their work. The process of social entrepreneurship calls for “observation and experimentation” to encourage the “institutionalization and independent adoption” of purposeful projects, contrary to most governmental and international aid organization tactics.

“Every day, new social organizations open their doors, but few close down or merge.”

Activism is a subset of social entrepreneurship, but clear differences exist. Activists are outsiders who try to influence powerful insiders to adopt their heartfelt causes. In contrast, social entrepreneurs are comfortable working within the seats of power to exert change.

Social entrepreneurship represents democracy at its best: getting the largest number of people to work together to achieve a common good. Social entrepreneurs spark “citizen power” across the globe. To illustrate, during the 1980s, Chico Mendes and Mary Allegritti led indigenous people in Brazil to protest the decimation of the Amazon rain forest. Unfortunately, since the poorest nations generally are minimally democratic, social entrepreneurs often find it hard to make a notable impact in their

Societies.

## Our Debt to Society

In North America, once people vote, pay their taxes on time, join the military if called upon and do not break the law, they have exercised their minimal civic duty. However, the US and Canadian governments should require “every citizen to engage in public service for a year or two.” John Gardner wrote about the need for a more active and engaged citizenry in his book, *Self-Renewal*: “Society is not like a machine that is created at some point in time and then maintained with a minimum of effort; it is being continuously re-created, for good or ill, by its members. This will strike some as a burdensome responsibility, but it will summon others to greatness.”

## Funding

People mistakenly think that securing start-up capital is one of a social entrepreneur’s biggest challenges. However, accumulating initial funds is much easier than sustaining “growth capital.” Numerous sources offer start-up funding, including “community, family, corporate and public foundations; social venture competitions; impact investors; Web-based intermediaries...and an array of social-business networks.” However, few foundations provide growth capital for social entrepreneurs; as a result, many are undercapitalized and cannot plan ahead in any meaningful way. Plus, many social entrepreneurs have no expertise in developing the kind of professional-level business plans they need to be effective. The availability of more growth capital could help alleviate this situation. One promising funding development is the creation of “low-profit limited liability” companies that “simplify the process by which foundations can invest in social-purpose businesses.”

“Philanthropy is potentially society’s most innovative form of capital.”

In addition to funding difficulties, social entrepreneurs often find it challenging to hire qualified employees. Most of these organizations cannot compete with the compensation offered in the business world, though many can offer tolerable salaries. Top leaders in the field of “social enterprise” can earn annual salaries worth \$100,000 to \$200,000. Teach for America gets around the compensation roadblock by making its hiring process “competitive and prestigious.” Using this approach, the organization has been highly successful in recruiting students from the best universities. Fortunately, today’s college students often want jobs that offer “work-life balance and meaning,” which social entrepreneurship delivers in spades. Additionally, social enterprise clubs now are popular at the top business schools.

## Evaluating Results

Businesses can measure their performance easily: It’s all about return on investment (ROI). Analyzing performance is not so clear-cut for social entrepreneurs. Often, they involve creating attitudinal change about such issues as gay marriage or global warming, which can take decades to achieve. New tools now are available to help them gauge their results in terms of a “social return on investment” (SROI). The Rockefeller Foundation developed “Impact Reporting and Investment Standards” (IRIS), but numerous leading social entrepreneurship organizations create their own specific performance metrics.

## What Is Impeding Social Change?

An inefficient division of labor makes serving the disadvantaged difficult. To illustrate, in the US, an impoverished mother might need to deal with multiple professionals to get help for an asthmatic child, including “a pediatrician, a nutritionist, an allergist, a physiotherapist, a health insurance specialist, a social worker, a housing advocate, an exterminator, a school nurse, a gym instructor and perhaps even a pollution inspector.” Social entrepreneurs work to integrate such tedious experiences and make the path to finding help more efficient. They are “creative combiners.” President Barack Obama set up the Office of Social Innovation to leverage social entrepreneurs’ innovative ideas into governmental policy making.

“Change always brings resistance. It is rarely rational.”

Social entrepreneurs seek to get people to agree that the world’s most challenging problems have solutions and that positive action at an individual level can have profound effects at a societal level. It just takes belief and hope. As Gandhi said, people must “be the change” they want to see take place. Of course, all this depends on empathetic people, so Toronto’s Roots of Empathy program, founded by Mary Gordon, sets out to nurture compassion in young people. Gordon believes schools should encourage students to develop a changemaker’s mind-set.

“Moral arguments alone rarely change minds.”

Social entrepreneurs can help governments improve their performance and better serve their citizens. Social enterprise is much stronger today than the “thousand points of light” grassroots concept that President George H.W. Bush touted years ago. Indeed, social entrepreneurship represents a radical reworking of how society solves its problems. Its core premise is that “a dynamic marketplace of ideas and initiative is the basis of a thriving economy.” Business can learn from “the ingenuity and impact” of social entrepreneurs. A synthesis may develop between social entrepreneurs and businesses in the future.

## Step Up to the Plate

Shortly after taking office, President Obama stated: “We need your service right now...I’m asking you to help change history’s course, put your shoulder up against the wheel.” Of course, doing this will not be easy. If you want to become a changemaker, begin by setting a goal. Research the history of the problem you want to eradicate. Read biographies of inspirational people who have achieved success. Engage in public speaking, and pitch your idea to others. Create a “theory of change.” Hold onto your principles and “be flexible about methods.”

## About the Authors

**David Bornstein** is author of *How to Change the World* and *The Price of a Dream*. **Susan Davis** is founding president and CEO of BRAC USA. She also is a founding board member of the Grameen Foundation.

