

E459 The New Revolution: Social Entrepreneurship in the 21st Century

Course Overview

In downtown Johannesburg, an area abandoned by major corporations a decade ago, an extraordinary institution is being built: CIDA. Founded by Taddy Blecher, CIDA is a unique, fully accredited university providing virtually free undergraduate business education to historically disadvantaged students. Its supporters encompass major corporations, such as Investec and Anglo American, and iconic individual entrepreneurs such as Richard Branson, Bill Gates, Jeff Skoll, Oprah Winfrey and Michael Dell.

Today the CIDA story could be told many times over, perhaps most famously by Mohammed Yunus, the Nobel Prize winning founder of the Grameen Bank which pioneered the development of micro-credit. In the UK the Eden Project, the Fair Trade Movement, the Big Issue or Jamie Oliver's Fifteen are all examples of social enterprise in action. With 55,000 social enterprises in Britain alone it's small wonder that Gordon Brown sees social enterprise as 'forging a new frontier of enterprise – a quiet revolution'.

What is behind this phenomenon? In part the growth of social entrepreneurship reflects an increasing recognition of the limits of capitalism. There's only so much that business – small and large – can do to create jobs, wealth and the prosperity needed to meet the needs of the population and the global challenges we face. It reflects too a growing realisation that there is a limit to what governments can do in terms of providing services such as health, education and housing.

Just as entrepreneurship is rooted in a sense of opportunity so too social entrepreneurship is rooted in a sense that the limits of capitalism, combined with the limits of government, is creating both a new set of needs as well as new, innovative opportunities for meeting those needs. Needs that are best met by social entrepreneurs committed to starting and building organisations that have a demonstrable commitment to creating social as distinct from purely economic value; organisations that make a difference to the communities and societies from which they spring. Over the next decade this is a revolution that will transform many of the institutions of our society and re-define our understanding of entrepreneurship. The leaders of this revolution, such as Taddy Blecher, will in turn fundamentally change our understanding of what it means to be an entrepreneur.

Topics Covered

The aim of the course is to: provide a comprehensive overview of the emerging field of social entrepreneurship; understand what makes it distinctive; and identify the opportunities it affords to those who wish to become engaged, either full or part-time. The course will focus on the major challenges, both strategic and operational, faced by social entrepreneurs, with each session addressing a specific challenge or question as follows:

- *What is the purpose of social enterprise?* All entrepreneurs are committed to creating value, for social entrepreneurs value creation encompasses not simply economic value but also social or public value, their overarching purpose being to make a significant social contribution.

- *What do social enterprises do?* Here we look at the areas in which social enterprises are most prevalent – health, education, finance, trade/agriculture, poverty alleviation and inner-city regeneration – and the extent to which these sectors are characterised by ‘market failures’ reflecting the limits of both capitalism and government.
- *Who are the social entrepreneurs and what leadership challenges do they face?* Social enterprises are typically founded by individuals with a clear social, economic or political agenda, thus raising issues to do with the transferability of the founder’s agenda, maintaining continuity of values as the organisation grows and creating an organisational structure that can operate independently of an inspirational founder.
- *How does a social enterprise establish a sustainable business and financial model?* Whether it operates on the basis of no cost recovery, some cost recovery, full cost recovery or the generation of financial surpluses any social enterprise faces a core challenge in terms of its financial/business model and the sustainability of its model.
- *How big do social enterprises need to be?* If a social enterprise is to have a significant social impact this raises the critical issue of scale and, intrinsic to this, that of replication: ie the capacity of a social enterprise to re-create itself in different contexts or parts of the world and build a nationally – or globally – integrated institution.
- *How do we measure the performance and impact of social enterprises?* Many social enterprises aim to generate a double bottom line, that is a measurable social return plus a financial return, but this is part of a much broader question of how we should measure the social, economic or political impact of any social enterprise.
- *What is the role of business, financial institutions and government?* As the social enterprise revolution gathers momentum so the interest of business in supporting such activities and of financial institutions in providing capital is burgeoning, thereby creating new opportunities for engagement by those pursuing more traditional careers.

Format & Teaching Methods

- The course will be taught through a combination of cases, some of which are being developed specifically for this course, lectures and guest speakers; the latter will either be the principal protagonists associated with a case or other experts in the field. We shall also be inviting key individuals working in major corporations involved in forming partnerships with social enterprises, thereby widening our frame of reference considerably.

Pre-Requisites & Input Required

- The relevant core course, represents a good grounding; so too do all other core courses since by its very nature this is an inter-disciplinary elective. It can be taken in conjunction with other entrepreneurship electives and would represent a good complement to New Venture Development and Financing the Entrepreneurial Business. The course design assumes active engagement of all participants in every aspect of the course.

Assignments & Assessment

The course assessment will comprise three elements:

- individual case write-up – 25%;
- group project, to be done in pairs, which will focus on undertaking a comprehensive assessment – strategic, financial, operational – of an existing social enterprise, the aim being to give all students first-hand exposure to the reality of social entrepreneurship and the particular challenges faced by social entrepreneurs. The project component will account for 50% of the course grade
- class participation – 25%; together with active, informed participation in each class, participants will be called upon from time-to-time to make a short presentation about a case; advance notice will be given of this.

A Note on the Instructor

Michael Hay joined the Faculty in 1987 and has held a number of senior positions at the School, most recently that of Deputy Dean and Secretary (2002-2006). Immediately prior to this he was director of the Foundation for Entrepreneurial Management and was instrumental in building the School's activities in entrepreneurship including developing a number of the courses now offered by the area. He is Chairman of the CIDA Foundation and is currently writing a case series on CIDA as part of wider ranging research initiative in social enterprise. He is a director of the venture capital backed company Imparta Ltd and of Capricorn Venture Partners, an early stage VC firm based in Belgium.