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Meet the Hard-Nosed Do-Gooders

A NEW GENERATION OF GRADUATES IS FINDING MARKET-BASED SOLUTIONS FOR PROBLEMS IN THE NONPROFIT WORLD--AND GETTING PAID FOR IT

By AMANDA BOWER/ SAN FRANCISCO

For six years straight, Aaron Mihaly spent his summer vacations toiling for nonprofits in Latin America. So when he told friends and family what he would be doing last summer--an intensive program at an Ivy League business school--they thought he had given up on changing the world. "The common reaction I got was 'You're selling your soul to the devil,'" says Mihaly, 23, with a laugh.

Far from it. This fall Mihaly moved to Mozambique and dedicated himself to fighting poverty. But he carried a new weapon in his battle against social ills: aggressive business skills, taught in a new program at the Tuck School of Business at Dartmouth College that deals specifically with nonprofits. "There are a lot of really well-intentioned, good-hearted people working in nonprofits," says Mihaly, "but they're not always the best-run organizations. The nonprofit world could benefit from better management."

Ten years ago, most new hires in the nonprofit world were graduates of schools of social work, public policy and liberal arts. Today, in an era of dwindling government grants--not to mention increased scrutiny of nonprofits' business practices--many charitable organizations are looking for people committed not just to the cause but also to cost-benefit analyses and earned-income strategies.

Business schools are responding. According to the 2005 Beyond Grey Pinstripes survey of business schools, the number of core courses with nonprofit-related content has more than doubled, from 10 to 21, at the 49 schools that have participated since 2003. The number of electives with a social or environmental focus-- including courses that explore entrepreneurial solutions to social problems--has almost tripled among the 24 schools that have participated in every survey since 2001, from 137 to 468. Net Impact, a global network of M.B.A. students, graduates and professionals trying to find business-based solutions to change the world, has grown from 3,288 members in 2001 to 13,500 this year. "It really is a reflection of what's been changing within the nonprofit and philanthropic world," says Matt Dunne, the primary architect of Tuck's program. "We have a new generation of nonprofit leaders who want to combine mission with aggressive strategy."

The percentage of M.B.A.s going straight into the nonprofit sector remains in the single digits--after all, student loans are much easier to pay off with a for-profit salary. And, says Greg Dees, faculty director of Duke University's Center for the Advancement of Social Entrepreneurship, "many students, if they heard 'nonprofit management,' would be thinking about running a museum, a hospital. That's not what excites them. What excites them is finding innovative entrepreneurial solutions to social problems."

Enter a different breed of M.B.A.: social entrepreneurs like Priya Haji, 35, Siddharth Sanghvi, 30, and David Guendelman, 28, who last year founded the giftware company World of Good. A for-profit, socially responsible start-up that makes grants to a nonprofit sister organization, World of Good has impressed venture capitalists who usually put their money into the latest technological innovation. But the business plan put forward by the Berkeley M.B.A.s--which won this year's Global Social Venture Competition--has VCs convinced that there's also money to be made from handmade silk scarves, woven bags, beaded jewelry and "nonviolent" leather products (the cow must die of natural causes). The business "can help thousands and thousands of communities," says Haji. And within a year, it was in the black. Says Duke's Dees: "Business doesn't know better than the nonprofit world. It just provides another set of tools that we should look at using for social good. And we should use any tools we can."

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