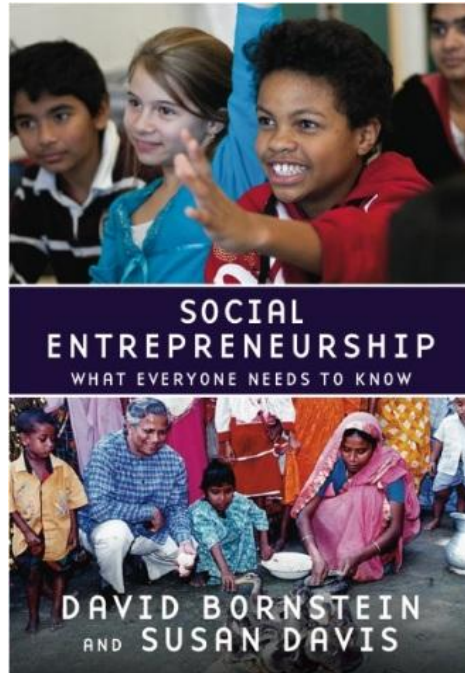


**SOCIAL ENTREPRENEURSHIP:
WHAT EVERYONE NEEDS TO KNOW TEACHING NOTES**

David Bornstein and Susan Davis



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Dear Faculty,

We are delighted that you are considering using our new book in your classroom. By using this resource, you are helping to awaken the changemaker inside each of your students. Your action will inspire others to act. The field of social entrepreneurship education is being created and shaped by a new generation of innovative academics and teachers who understand social change and entrepreneurship. You come from many different disciplines. We welcome hearing from you about how you are using this book, how to improve this guide and what other ideas you have to advance this field.

With warm wishes,

David and Susan

INTRODUCTION TO TEACHING NOTES

The teaching notes were created for faculty interested in teaching social entrepreneurship using the *Social Entrepreneurship: What Everyone Needs to Know* book by David Bornstein and Susan Davis. The teaching notes includes summaries of the three main sections of the book along with an outline of the section, quiz questions, additional readings and support materials for classroom lectures. We are interested in receiving your feedback on how you use the book and suggestions for future updates to the teaching notes. Please send your suggestions to:

Susan Davis
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or

Debbi Brock, who is also using the book in one of her courses
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BOOK SUMMARY

Social entrepreneurship has grown into a global movement that is producing solutions to many of the world's toughest problems and transforming the way we think about social change. David Bornstein, author of the internationally acclaimed book *How to Change the World*, and Susan Davis, a thought leader in international development and civil society innovation, offer the first general overview of the field and explore where it is heading. The authors explain what social entrepreneurs do, how their organizations work, and how their approach differs from traditional models in government, business, and the social sector. Most importantly, the authors show readers how to think like social innovators and how to get involved in this growing movement. For anyone who wants to learn how to make a positive difference in the world, *Social Entrepreneurship: What Everyone Needs to Know* is the place to begin.

PART I: DEFINING SOCIAL ENTREPRENEURSHIP

Overview:

1. Topics covered: Understanding what social entrepreneurship is; tracing its development; understanding how it differs from, and relates to, business, government, activism and democracy.
2. Key ideas: social entrepreneurship as a mechanism for organizing problem solving; growing solutions from the bottom up through trial and error; willingness to persevere through adversity; accountability

Summary: (see Book Summary Part I in Appendix)

Discussion Questions:

1. Prior to the introduction, Bornstein and Davis include a note on terms in which they explain that they prefer the terms “social”, “social-purpose”, and “citizen-sector organizations” to “nonprofit” and “nongovernmental organization.” Why is this distinction important? How might this distinction influence people’s (or a governments, philanthropists, individuals donors) attitudes toward such organizations?
2. In discussing the relationship between democracy and social entrepreneurship, Bornstein and Davis mention the idea of required national service (p. 45). What do you think of this idea? How might it impact the field of social entrepreneurship?
3. In discussing the historic underpinnings of social entrepreneurship, Bornstein and Davis point to several driving forces – for example, the growth of business entrepreneurship, the fall of authoritarian governments, the women’s movement, the growth of the middle class and the spread of universities. Do you agree with their analysis? What other forces or social changes have contributed to the global emergence of social entrepreneurship in recent decades?
4. How would the work of a social entrepreneur in a pre-democratic context, or in an emerging democracy, effect the development of that country? (p. 43)
5. At the very beginning of the book, in the introduction, Bornstein and Davis introduce to us the question that all changemakers attempt to answer: “how can people adapt rapidly, on an ongoing basis, to an ever changing array of unforeseeable and increasingly critical problems?” (p. xviii). Using this question as a springboard, think of a few starting points as to how we might begin to answer this question.

Quiz Questions:

1. True/False: You can learn the skills to be a social entrepreneur. (Answer—True)
2. True/False: Social entrepreneurship and business entrepreneurship require entirely different skill sets. (Answer—False)
3. The Grameen Bank and BRAC were successful because they:
 - a. received more donations than any other organization
 - b. relied on bribing government officials.
 - c. developed effective solutions through trial and error. (p. 17)
 - d. hired the best foreign aid workers from other countries.
4. Which of the following individuals can be considered a social entrepreneur:
 - a. Muhammad Yunus (p.15)
 - b. Florence Nightingale (p. 2)

PART II: CHALLENGES OF CAUSING CHANGE**Overview:**

1. Topics Covered: Understanding the social constraints faced by social entrepreneurs, including financing, attracting and cultivating talent, evaluating impact, and crossing sectoral boundaries.
2. Key Ideas: How you measure results matters (data and storytelling is important); social entrepreneurs can drive solutions to the problems they face; the greatest impact is derived by leveraging resources beyond your organization; social entrepreneurs are evolving new methods to support and finance their work.

Summary: (see Book Summary Part II in Appendix)

Discussion Questions:

1. Davis and Bornstein mention on a few occasions that social entrepreneurs are not attractive to elected officials as methods of enacting change because elected officials need fast results to win reelection or gain voter support; the impact of a social entrepreneur may not be apparent until years down the road. How might we make the work of social entrepreneurs more appealing to elected officials? Is there something social entrepreneurs can do, or is it a matter of people's attitudes shifting over time? What other barriers exist that constrain social entrepreneurs and governments from working more effectively together? How might they be overcome? (e.g. 65)
2. Why is this quote that Albert Einstein kept on his wall relevant: "Not everything that counts can be counted, and not everything that can be counted counts." (p. 62)

3. At the highest level, what is success for the social entrepreneur? (p. 68) How does this differ from success in business or government, and how do these differences affect each sector's approach to their work?
4. Why is the integration of labor important for solving social problems? How has the 'division of labor' – a core economic concept dating from Adam Smith – influenced institutions in society? (p. 70-74)
5. Why is social enterprise a promising change strategy? What is the benefit of creating a blended value organization? (p. 54)
6. How can social organizations attract more talent? How can they better target graduating seniors? Older professionals? Retirees?
7. Give an example of effective and ineffective measurement of results (p. 62-64). How are the two methods different? What does an effective method of measuring results look like? What's an example of the difference between evaluating impact and measuring it?
8. When describing the specialization and separation that is normal in today's society, Bornstein and Davis mention that Gandhi once said we shouldn't confuse what is habitual with what is normal (p. 72). What did he mean? How can we use this idea to enact social change?
9. Bornstein and Davis cite Teach for America (TFA) as an organization that has successfully learned how to recruit talent (p. 58). How can other social organizations model TFA's methods? What else can social organizations do to attract talent? What would it take for you to choose a social organization over a high-paying business job?
10. What is the "beginner's mind"? (p. 77). Why is approaching challenges with a beginner's mind important?

Quiz Questions:

1. True/False: All social organizations that receive funding are effecting change on society. (Answer–False)
2. True/False: It is impossible to develop tools for measuring results for social entrepreneurial enterprises because they are not focused on monetary profits. (False – examples of Social Return on Investment efforts, p. 64-65)
3. Specialization and separation hinder social change because:
 - a. various sectors of society have little interaction
 - b. vertical career paths help reinforce, and fail to challenge, preexisting beliefs (p.72)
 - c. homogenous living situations – e.g. communities or homes – make understanding others' perspectives difficult (p.73)

- d. the solutions to problems – e.g. a child with asthma, or illnesses caused by improper housing more broadly – are difficult to address when the total solution requires the work of multiple specialists (p.71)
 - e. all of the above
4. City Year made a lasting impact because:
 - a. it documented and shared its work and influenced policy (p.69)
 - b. of its size as an organization
 - c. it was based on an idea proposed by policy makers
 - d. Bill Clinton endorsed the organization during a national conference
 5. Teach for America is successful at recruiting talent in part because:
 - a. it offers a salary competitive with those of other first year jobs
 - b. it offers entry to graduate programs following completion of 2 years
 - c. it requires no specialized talent
 - d. it enlists alumni to attract new teachers through telling success stories from their own experience (p.58)

Additional Readings:

1. Matthew Bishop & Michael Green, *Philanthrocapitalism*
2. Leslie Crutchfield & Heather McLeod Grant, *Forces for Good*
3. John Elkington & Pamela Hartigan, *The Power of Unreasonable People*
4. Jessica Freireich & Katherine Fulton, *Investing for Social and Environmental Impact*, a 2009 report by the Monitor Institute www.monitorinstitute.com/impactinvesting/
5. Michael Kramer, Marcie Parkhurst & Lalitha Viadyanathan, *Breakthroughs in Shared Measurement and Social Impact*
6. Shirley Sagawa & Deb Jospin, *The Charismatic Organization*
7. Brian Trelstad, *Simple Measures for Social Enterprise*

PART III: ENVISIONING AN INNOVATING SOCIETY

Overview:

1. Topics covered: how to improve the interaction between social entrepreneurial ventures and other sectors, including business, government, the media, and the education system, in order to foster social innovation; the personal dimension of social entrepreneurship.

Summary: (see Book Summary Part III in Appendix)

Discussion Questions:

1. What does an intrapreneur do? What are some ways in which anyone can become a better intrapreneur in their current position? (p. 49, 60)

2. Bornstein and Davis note that philanthropy has changed from the old model of strangers donating to strangers to a model based on connection and accountability. What has changed in society that might account for this change in philanthropic attitudes? How will this help and how might it hinder social entrepreneurs? (111) Think like a Changemaker: Think of a cause that is important to you. How is this cause being addressed by society? By whom in society? How can we address this issue in a more effective or productive way? What can you, as an individual, do? What resources might be available to address this problem that are currently underused or overlooked? What assumptions does society make about the problem that may be flawed or no longer true?
3. Do you think schools today do a good job of encouraging changemaking behavior? How can you help encourage changemakers in secondary education or among your peers in college to become changemakers? How might parents bring up their children to think like changemakers?
4. In your opinion, what is the biggest obstacle social entrepreneur's face? After reading the book, what recommendations do you have for social entrepreneurs to overcome the obstacles?

Quiz Questions:

1. True/False: It is always a bad idea to let failing and underperforming organizations die. (Answer—False) Discussion idea: When it is good to let organizations die, and when should society try to revive them.
2. True/False: Social entrepreneurs can learn from business people and business methods, but the reverse is not true. (Answer – False, p. 99-108) Discussion idea: What kinds of things can business people stand to learn from social entrepreneurs? What about the opposite?
3. Gifford Pinchot, a social entrepreneur in the American conservation movement during the 1990s:
 - a. built a successful movement for social change without the help of government
 - b. named the first U.S national forest
 - c. is an example of how the interplay between government and social entrepreneurship can lead to change (p. 98)
 - d. highlighted the strength of the social entrepreneurship movement
4. Which of the following can be considered an important factor with regard to social entrepreneurship university programs:
 - a. that all professors have created their own successful social entrepreneurship
 - b. that the program should be interdisciplinary, allowing students to take courses in a variety of departments (p. 87)
 - c. that all programs adhere to the already established standardized curriculum
 - d. that the curriculum not be influenced by students and only decided upon by experts in the field
 - e. all of the above

5. Patient capital funds:
 - a. are funds provided to social enterprises
 - b. are grants for social entrepreneurs with low monthly stipends so that the fund will aid the social entrepreneurs over the long-term
 - c. are the only funding option available to social entrepreneurs
 - d. are funds used to help with the institution building stage of a social venture (p. 111)

Additional Readings:

1. Peter Drucker, *Management Challenges for the 21st Century*
2. Eleanor Duckworth, *The Having of Wonderful Ideas*
3. Joel L. Fleishman, *The Foundation: A Great American Secret*
4. Stephen Goldsmith, *Governing by Network: The New Shape of the Public Sector*
5. Alison Gopnik, Andrew N. Meltzoff & Patricia K. Kuhl, *The Scientist in the Crib*
6. Paul Hawken, *Blessed Unrest*
7. Paul Hawken, *The Ecology of Commerce*
8. Paul Hawken, Amory Lovins & L. Hunter Lovins, *Natural Capitalism: Creating the Next Industrial Revolution*
9. R. Paul Herman, *The HIP Investor*
10. Paul Light, *The Search for Social Entrepreneurship*
11. John Mighton, *The Myth of Ability*
12. James O'Toole, *Leading Change*
13. Parker Palmer, *The Courage to Teach*
14. C. K. Prahalad, *The Fortune at the Bottom of the Pyramid*
15. Paul Ray & Sherry Anderson, *The Cultural Creatives*
16. Andrew Wolk, *Advancing Social Entrepreneurship: Recommendations for Policy Makers and Government Agencies* www.rootcause.org/handsarticles
17. Robert Wright, *Nonzero: The Logic of Human Destiny*
18. Muhammad Yunus, *Creating a World Without Poverty*

SOCIAL ENTREPRENEURSHIP: WHAT EVERYONE NEEDS TO KNOW TEACHING NOTES

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PART I

Part I focuses on defining social entrepreneurship – not only as a field or movement but also as a mechanism for organizing social problem solving. It shows how it differs from other forms of social engagement and what it looks like on an individual level. While there is no universal definition, there are common qualities amongst successful social entrepreneurs and their organizations.

The Heart of Social Entrepreneurship

Social entrepreneurship at its essence is a process by which individuals “build or transform institutions to advance solutions to social problems” (p. 1). Bill Drayton, founder of Ashoka, learned through his travels in India that powerful examples of social change share two things in common: —the organizations that were making a difference had both a good idea and an unusually committed, creative and action-oriented person at the helm: an idea champion or entrepreneur (p. 19). Social entrepreneurs are the idea champions: people who advance change, working within, between and beyond established organizations. The social entrepreneur also helps others discover their own power to change by helping them envision a new possibility and recognize how it can be broken down into doable steps that build momentum for change (p. 25).

Qualities of a Social Entrepreneur

Social entrepreneurship is a process – involving a long-term commitment and continual setbacks. For this reason, social entrepreneurs share certain qualities, including the ability to overcome apathy, habit, incomprehension, and

disbelief while facing heated resistance (p. 21); the ability to shift behavior, mobilize political will, and continually improve their ideas (p. 23); the ability to listen, recruit and persuade (p. 24); among those they work with, they encourage a sense of accountability, and a sense of ownership for the change (p. 25). Social entrepreneurs are also comfortable with uncertainty and have a high need for autonomy (p. 26). Since social entrepreneurs will face adversity along the way, another important quality is the capacity to derive joy and celebrate small successes. Successful social entrepreneurship involves well established behaviors which can be acquired. While some people appear to be born with more entrepreneurial inclination than others, most people can learn to behave like entrepreneurs (p. 27).

Historical Perspective on Social Entrepreneurship

Social entrepreneurship has always existed, though it has not been recognized as such. Historical figures such as St. Francis or Gandhi advanced important social changes through work that is analogous to what social entrepreneurs today are doing. Social entrepreneurship as a movement developed in response to major global forces that have shifted the patterns of life around the world, creating more opportunities for people to cause change. America experienced many of these changes over a century ago: the emergence of the private sector, rapid developments in industry, urbanization, and the rise of new wealth up to the early 1900s created new social

problems, and Americans responded with programs and organizations to address these needs. Examples include Hull House, Boy Scouts and the Salvation Army.

Social entrepreneurship today is a response by the global citizenry to changes that have happened, and are happening, on a global scale. Large-scale changes over the past half-century, such as the collapse of authoritarian and communist regimes, resulted in newfound freedoms for many across the globe. These freedoms have led to greater wealth, longer life spans and better communications around the world, but they have also created new problems. For example, mass rural-to-urban migration has in some countries resulted in mega shantytowns that are violent and unhealthy; or, people who have been involuntarily dispersed by change struggle to pick up their lives again and suffer in poverty.

Social Movements

At the same time, however, hundreds of movements and millions of organizations aimed at addressing these myriad problems have also emerged, and social entrepreneurship as a movement has grown. The pace of change continues to accelerate, and as it does, the pace of adaptive systems must keep up. —Solutions must be decentralized and integrated and deployed in real time (p. 12). Social entrepreneurship is the intersection of the world's complex problems, the recognition that new kinds of organizations and models are required to address those problems, and the historic changes that have dramatically increased the capacity of individuals and modest-size groups to address those problems.

Pioneering Social Entrepreneurs

Two highly successful examples of pioneering organizations in the field are Grameen Bank and the Bangladesh Rural Advancement Committee (BRAC). Both organizations originated amidst disaster in Bangladesh: a cyclone and a civil war ravaged the country. Muhammad Yunus and Fazle H. Abed created and operated the Grameen Bank and BRAC, respectively, on the belief that their results would be stronger if they broke from the pattern of paternalistic aid and followed a new method based on trial and error and an emphasis on results. Yunus and Abed hired locals instead of foreigners, with hired staff through a competitive application process instead of doling out jobs to family and friends, they refused to sanction bribery, they focused on efficiency and results, they experimented continuously, and they viewed failures as opportunities. These tactics were a departure from the traditional methods of aid distribution and management. The Grameen Bank and BRAC also benefited from the long-term involvement of Yunus and Abed and tens of thousands of local staff members, whereas traditional donors often only stayed on projects for a few of years before rotating out of country. Both organizations saw results that were —a world apart from anything the field of international development had yet seen (p. 17). They proved that it was possible to mitigate poverty on a massive scale and helped shift the global development paradigm.

Differences and Similarities with Other Sectors

How do social entrepreneurial ventures compare to change agents in other sectors? While social and business entrepreneurs are similar in their skills and temperaments, they differ markedly in their primary objectives. For business entrepreneurs, the objective is usually to maximize profits or build a lasting, respected entity. For social entrepreneurs, the objective

is to maximize some form of social impact, usually by addressing an urgent need that is being mishandled, over-looked, or ignored by other institutions.

Social entrepreneurship also differs markedly from government in many ways. Unlike governments, who work from the top down, social entrepreneurs address problems from the bottom up. The social entrepreneur's efforts often begin with an interaction with a problem on the ground level, which leads to a question that eventually grows into an organization through trial and error. Governments often implement ideas before testing and adapting them as they go, and they often lack the nuanced understanding of ground-level details that is the key to success in social entrepreneurship. Additionally, governments are bound by protocol, rules and procedures; social entrepreneurs have far more flexibility. A social entrepreneur has the luxury of trying seemingly crazy ideas and getting rid of ideas that do not work, whereas a government gets bogged down in hashing out the details prior to implementation without the chance to learn from mistakes.

Similarly, social entrepreneurs can stay working on a problem until they solve it. Governments are under pressure for quick, tangible results. Government, however, benefits from its access to a wide array of resources and recognized legitimacy. To address social problems at the proper scale, we must combine the creativity and agility of social entrepreneurs with the resources and legitimacy of governments.

Social Activism

Activism is similar to social entrepreneurship, but can best be understood as a subset of social entrepreneurship. Activism is a tool that many social entrepreneurs use to further their cause. Activism typically works from the outside, attempting to influence the decision makers in government or large institutions. Social entrepreneurship utilizes outside- and inside-directed tactics, often working directly with institutions to enact change. Social entrepreneurs also often seek to create new institutions rather than change old ones. Activism is important because it helps elicit empathy by making injustice and suffering palpable. Social entrepreneurs can further their cause by utilizing techniques of activism for this purpose.

Social Entrepreneurs and Citizen Democracies

The work of social entrepreneurs strengthens established and emerging democracies. Democracy, like social entrepreneurship, is an iterative process. Citizens of democracies and social entrepreneurs build and continually adapt institutions designed to meet society's needs. In predemocratic contexts, social entrepreneurs help citizens realize their ability to shape change, which reinforces their power as citizens. Democracies flourish when large numbers of citizens acquire the capacity to shape civic life. Social entrepreneurship is a process by which citizens organize to do just that (p. 41). As the field of social entrepreneurship continues to expand, it may help redefine the concept of citizenship, creating a world of citizens who are actively involved in creating and shaping their countries' institutions.

PART II

Part II looks at the challenges faced by social entrepreneurs. One major challenge is financing, and in particular, obtaining growth capital. Most social entrepreneurs have less trouble financing a new idea than financing the growth of their organization. Government funding is less than ideal because of the difficulty involved in complying with government reporting requirements.

The current preferred funding source for most social entrepreneurs is philanthropy, but with so much fragmentation and little standardization, this method can be time consuming and not conducive to building great institutions. Impact investors, investors who seek financial goals as well as social impact, are an important source of capital for social enterprises, but markets for impact investing are still young and undeveloped. Many social entrepreneurs are also exploring earned revenues, through social enterprises, as a way to finance large scale change.

Financing Social Ventures

Social entrepreneurs finance social organizations from a variety of sources. They often start with people close to them – family, friends, classmates and professional contacts. Social entrepreneurs also turn to corporations, public foundations, social venture competitions, impact investors and Web-based intermediaries. Web-based intermediaries such as Kiva have made it possible for social entrepreneurs to receive small donations from many individuals, i.e. micro-contributors. The Obama campaign proved that this approach can be highly effective. Fellowships and prize programs directed specifically at social entrepreneurs are another source of funding (a few examples include Echoing Green, the Skoll

Foundation, and Ashoka). Though the organizations are not numerous they comprise the current key pipelines of support and recognition.

Achieving Social and Financial Objectives

Social entrepreneurs are increasingly seeing strong results through complementary nonprofit, business, and hybrid enterprises. The term “blended value” refers to the commingling of social and financial objectives, and an increasing number of organizations are working in this gray area, using a combination of business methods and philanthropy. Social enterprise, a combination of business and philanthropy, is a promising strategy because it allows a social organization to benefit from the strategies of traditional business entrepreneurs. These developments bring challenges. As the line between sectors blurs, a new form of financing will be necessary. Blended value or impact investors, investors who cross the lines between philanthropy, business and the public sector, will be increasingly important.

Cultivating Talent

Another challenge social entrepreneur’s face is attracting talent. Social entrepreneurs must recruit talent without the ability to offer compensation that is comparable to business. Instead, social organizations rely on attracting people by promising meaningful work. The social sector also lacks a structured system to nurture talent; when combined with financial inhibitors, this makes retaining talent difficult. More people have chosen social organizations over other opportunities following the economic downturn, probably because comparable salaries in the private sector have dropped. Social entrepreneurs in the near future will have to determine the tipping point

in compensation in order to redirect talent from other sectors.

Impact Measurements

Yet another challenge social entrepreneur's face is deciding how to measure their organization's results and evaluate their impact. The organizations that outperform the others by a large margin closely and effectively monitor their results. How an organization measures its success is important. An after school program may measure its success based on the number of students enrolled, but that does not mean the program is making any impact on these students. Effective measurement of results and impact requires a combination of data and storytelling tailored appropriately to the organization's work and its goals. In an environment where mediocrity often trumps excellence (p. 62), and where money is not distributed competitively, it is important for organizations to measure results accurately so that we may begin to distinguish – and provide appropriate funding for – those programs that are achieving change. Efforts have been made to calculate a “social return on investment,” similar to return on investment calculated by businesses, by groups such as the Roberts Enterprise Development Fund in the 1990s and, more recently, the Global Impact Investing Network. Another example is the Pulse reporting system (see p. 65). More such efforts to create standards and rating agencies would help the process of accurately identifying successful organizations.

Scaling Impact vs. Scaling the Organization

When measuring growth and success, it is important to distinguish between the scale of an organization and the scale of its impact. The size of an organization is less important than the

reach of its work; successful organizations will focus time and energy on effecting change beyond their immediate reach. Similarly, sustainability must be considered in terms of ideas instead of the organization itself. A field is truly sustainable when its institutions can be readily renewed and improved upon because the organizations' ideas have lasting power.

Over specialization, and the divisions between fields and social groups, can be another hindrance to social change. Society is comprised of specialized fields that rarely overlap, people move vertically throughout their career paths, and many people live in homogenous communities. All of these factors result in significant blind spots within society while tending to reinforce preexisting beliefs. In order to achieve innovation and change, society needs a recombination of knowledge. Social entrepreneurs are the —creative combiners who can help with this. They can carve out space in society to foster whole solutions and bring people together who would not coalesce naturally. When it comes to solving social problems, the integration of labor, rather than the —division of labor, is likely the way forward (p. 74).

PART III

Part III looks at the ways we can foster an innovating society to achieve social change across the globe.

Fostering an innovating society will require a shift in mindsets that are commonly held across society, and social entrepreneurs will play a key role in helping enact these shifts. Members of society hold many preexisting beliefs, and follow established patterns of behavior that are no longer suitable to today's global society and that hinder advancement of certain groups based on their perceived deficits (e.g. the poor, the disabled). Social entrepreneurs shift mindsets by helping society to see trapped potential, and to appreciate the interconnectedness of our world. Similarly, social entrepreneurs help shift society's viewpoint from "me" to "us" and eventually to "all of us." Building a stronger sense of connection builds empathy, and with empathy comes a stronger base for structural changes. Social entrepreneurs can also shift mindsets about what can be done on an individual basis. In so doing, social entrepreneurs expose how we systematically undervalue people with perceived deficits and simultaneously show how to bring out a group's agency for change. Most importantly, social entrepreneurs can convince society that today's toughest problems are solvable.

Nurturing Innovations in Education

Fostering innovation will also require changes in education. The idea that everyone can be a changemaker should be integrated starting in grade school so that children can become comfortable with the ideas and skills necessary to effect change early on. From childhood, it is important to nurture students' willingness to try out new ideas. When children are

encouraged to test out their own ideas in a safe and non-judgmental environment, they learn to value their own ideas, and valuing one's own ideas is crucial for a social entrepreneur. Schools should also encourage students to ask questions and take initiative. This is important because social entrepreneurs are action researchers, learning through experimentation. Additionally, schools could create programs that help children develop empathy. Emotional learning is just as important as cognitive learning, though schools focus almost entirely on the latter. Schools that have utilized emotional learning programs have shown that it is possible to teach children to develop empathy; developing empathy will help children understand how they fit into the larger world, helping them to understand others better and to build teams. Another option that targets the more practical skills of social entrepreneurs is to create programs that would expose students to problems and then help guide them through the process of constructing a solution. Finally, schools could do more to celebrate youth-initiated social problem solving. While youth-led social entrepreneurship is growing, it is mostly outside of the school system.

Universities Role in Moving the Field Forward

Universities also play an important role. Universities legitimize new fields and careers, and thus have the potential to grow social entrepreneurship as a field. The first course in social entrepreneurship was initiated by Greg Dees in 1994 at Harvard University. Research in social entrepreneurship education by Debbi Brock and Ashoka's Global Academy for Social Entrepreneurship documented over 350 professors in 35 countries teaching courses in social entrepreneurship. Other initiatives include fellowship programs at schools such as

Harvard and New York University, social enterprise courses and social venture planning competitions at many leading business schools, and partnerships between universities and social organizations that allow students to interact with social entrepreneurs. One example is the Reynolds Program in Social Entrepreneurship at New York University. It is the first university-wide interdisciplinary fellowship program in the field, and is open to graduate and undergraduate students from every school and every discipline. Interdisciplinary programs are essential due to the interdisciplinary nature of social problems.

Programs are still few in number, however, and the ones that exist lack a standard curriculum. As a way to address this issue, the University Network for Social Entrepreneurship, established by Ashoka's Global Academy for Social Entrepreneurship, and the Skoll Centre for Social Entrepreneurship at Oxford University built an online platform for assembling research and case studies as a way to share knowledge across programs. That platform is being replaced by the new AshokaU.org website which will provide "best practices" in the field. Above all, however, the most significant hindrance when it comes to universities is that they are slow to change. Therefore, if students want to see more and better courses and programs related to social innovation, they must advocate for them.

Partnerships and Support Organizations

The relationship between governments and social entrepreneurs can and should be changed in order to maximize efficiency and social impact. Social entrepreneurs and governments

have suffered from a mutual lack of trust and respect. They face different pressures, have different needs and operate in different ways, and the tensions, lack of respect and weak relationships, have impeded necessary collaboration. Governments often utilize the pilot and scale method when inter-acting with social entrepreneurs. This entails identifying a promising innovation in the social sector and then supplanting the organization and taking the idea to scale within the government. However, for the same reason that governments do not launch and run businesses, governments should not try to run social enterprises when there are others in society who are better suited to the task. Growing a social enterprise takes as much or more entrepreneurialism as starting it does, and governments do not have a competitive advantage in this area.

Supporting and Collaborating with Governments to Serve the Social Sector

Where governments do have a competitive advantage is in determining priorities, ensuring fairness, and fashioning a framework of incentives and oversights (p. 99). Governments should shift from the model of running programs and providing after-the-fact payments for services to a model of investing and overseeing long-term investment in social entrepreneurial organizations. Governments should think like a gardener rather than a builder – identifying promising seeds and rich soil (the social entrepreneurs and environments ripe for change), and fostering growth (through long-term investment). This does not mean abolishing government programs; rather, it means shifting toward harnessing the power of social entrepreneurs to achieve policy goals, as government does with business entrepreneurs. Governments will also need to overhaul the network of constraints holding social

entrepreneurs back. Examples include: making it easier for citizens to receive tax benefits for contributions to social entrepreneurs; creating cross-sector fellowships to bring social entrepreneurs into government and place policy staffers in social organizations; introducing innovation funds within all government agencies to encourage the development of a social capital market; and modifying tax treatment for the L3C corporation (see page 96 for full list).

One example of social entrepreneurs working effectively with government is America Forward. This coalition of more than 80 social entrepreneurs created a set of policy ideas that led the Obama administration to create the White House Office on Social Innovation and Civic Participation and to support an innovation fund, for which Congress appropriated \$50 million in seed capital. The new office works to identify and scale high-performing social organizations, forge partnerships with business and philanthropy and support national service and other forms of citizen engagement. The fund is designed to leverage private investment to expand —ideas that work. “Intrapreneurs” within the administration can build on these ideas and foster a policy environment more alert to the potential of social entrepreneurs (p. 93).

Relationships with Private Sector

With regard to business, a great deal of innovation in the coming years will result from the intersection of the social and business sectors. Businesses are realizing they can benefit by working from and learning from social entrepreneurs for a variety of reasons. 1) Businesses realize that social organizations know how to operate in underdeveloped markets (internationally and domestically) — how to identify opportunities, develop

products, manage staff, etc., in unfamiliar contexts. As businesses expand into the developing world and other underserved markets, organizations can learn from social entrepreneurs’ experience. 2) Businesses are under increasing pressure by customers, employees and investors to be socially conscious. Businesses that are familiar with the landscape of social entrepreneurship will be better poised to succeed than competitors who are not aware of these social changes. 3) By partnering with social entrepreneurs, a business can target the Bottom of the Pyramid, the four billion people living on less than \$2 per day, without having to establish new channels of business from scratch. The business in this situation will also benefit from the social entrepreneur’s expertise in the field. As with governments, the benefits of combining are complimentary. 4) Social entrepreneurs are reshaping the nature of corporate social responsibility. Social entrepreneurs are increasingly working directly with top executives instead of going through the corporate social responsibility or marketing departments. Corporate social responsibility is thus becoming a core management function as opposed to a component of PR. 5) Social entrepreneurs are influencing the regulatory and investment environments, holding businesses more accountable to their social and environmental performance. Oversight tools, such as Social Accountability International’s SA8000, which certifies that companies maintain decent working conditions, will accelerate the growth of social enterprise.

The Role of Philanthropists in Fostering Social Entrepreneurship

We can reshape philanthropy’s approach to more effectively foster social entrepreneurs. Philanthropists have the ability to make long-term investments, assume greater risk and

support less popular ideas than businesses or governments. Philanthropy in the coming years will be particularly important: researchers estimate that inheritances will amount to tens of trillions of dollars in the coming decades. In the past, philanthropic investments were treated as charity and chosen in an often-capricious manner. The standard approach was to provide modest one-year grants restricted to specific use. The past decade has seen an important shift, characterized by increased involvement by the donor with the organization on the receiving end and a method of financing similar to that of venture capital. On a high level, philanthropy has shifted from palliative to curative. This shift has involved searching for innovative ideas, targeting high performance social entrepreneurs, providing longer term capital along with managerial assistance and rigorously tracking results. Also, many donors have adopted a venture capital approach, providing multiyear grants that are combined with direct engagement on the part of the donor, whether through management consulting, lobbying support, business plan development, or similar work. Joel L. Fleishman argues that “venture philanthropy” and social entrepreneurship will dominate philanthropy in the twenty-first century. The limitations to the venture capital model for social entrepreneurs are that it is not designed to support an enterprise forever. Options for long-term support are governments, generating revenue through social enterprise, or patient capital funds.

There are five proposed ways by which philanthropy could redeploy resources to harness social entrepreneurs more effectively.

1. Help social entrepreneurs engage more successfully with businesses and governments: Philanthropists are in a

position to create a neutral space for generating ideas and to catalyze 20 necessary exchanges between social entrepreneurs and policy makers and between social entrepreneurs and the business sector.

2. Fund structural supports for social entrepreneurs: Philanthropies have influence with universities and the education system generally that they could use to encourage education and research on social entrepreneurs. They could provide tuition support to attract students to study in the field. Philanthropic foundations could support the creation of new media platforms to encourage the sharing and exchange of knowledge. Foundations could also support programs for training baby boomers in social entrepreneurship to encourage this group to become changemakers in their “encore careers.” Finally, philanthropy could support the growth of advisory services that allow social investors to make well-informed investment decisions.
3. Stick with things that work and communicate clearly: Philanthropies should be clear when providing their reasons for ending a relationship with a recipient organization, and organizations should continue to do what they have been successful at.
4. Let more organizations die: More organizations open, but few close. This means that funding is continually spread thinner and thinner. Foundations could ensure that failure or mediocrity lead to reductions or withdrawal of funding.
5. Help social entrepreneurs work together: The field of philanthropy could encourage social entrepreneurs to join together in firms, where they share expertise, test

ideas, launch ventures and provide consulting advice to larger clients. This creates a lower risk, more effective, and more supportive environment.

The Role of the Media

Journalism will play a key role in helping society become more innovative. The structure of news media is changing as traditional media sources have to adapt to a changing society, but the content of media has not kept up. News media drastically underreports stories of social innovation in favor of stories of conflict. Social entrepreneurs can help change this by legitimizing a category of news focused on solutions. A number of social entrepreneurs have already created new platforms to produce and assemble news and foster greater public accountability. Many, such as La Silla Vacía in Colombia, are working in developing countries where media has traditionally been weak in order to create a safe space for citizen journalism. Other social entrepreneurs are building systems to evaluate journalism and provide government oversight; an example is NewsTrust, a community-based service that rates articles on credibility and quality. The media has a vital role in making the work of social entrepreneurs visible, illustrating what

the leaders in the industry are doing, just as the media already does with business and government.

Individuals Role in Supporting Social Entrepreneurship

The most valuable step an individual can take to prepare him/herself to participate in the field of social entrepreneurship is to deepen his or her self-knowledge. In order to be successful and make an impact, an individual must first understand what he/she cares about and has always cared about, what his/her strengths and weaknesses are, what his/her value set is, what environments he/she works best in, and what his/her motivations are. Without knowing these things about oneself, one may inadvertently add to the already ample store of negative leadership in the world. It is not necessary to study social entrepreneurship, but it is necessary to understand the workings of the system you want to change and the history of the problem with which you are concerned. This involves what may be a lengthy process of investigation and brainstorming. Most of all, you need to be prepared to listen, to face challenges and spread your cause.

KEY TERMS

Blended Value: a term coined by Jed Emerson used to describe the commingling of social and financial objectives (p. 54)

Changemaker: an individual who advances change in myriad ways, working within, between and beyond existing organizations. (*A Note on Terms*)

Charismatic Organization: an organization driven by values, open to experimentation, focused on results, good at communication, and genuinely appreciative of people; from Shirley Sagawa and Deb Jospin's book *The Charismatic Organization* (p. 58)

Citizen Sector: the landscape of organizations that address social problems on a global, national and local scale with powerful ideas and creativity. (xviii)

Impact Investor: an investor who seeks financial goals and social impact; invests in a social enterprise (p. 48)

Intrapreneur: an individual who drives positive change within an existing organization or business. (*A Note on Terms*)

Low-Profit Limited Liability Company, "L3C": A legal category for businesses intended to simplify the process by which foundations can invest in social-purpose businesses while complying with Internal Revenue Service rules. (p. 56)

Patient Capital Fund: serves a role similar to that of private equity funds for business, providing support for the institution-building stage after the creation stage (p. 111)

Social Enterprise: an organization that attacks problems through a business format, even if it is not legally structured as a profit-seeking entity. (*A Note on Terms*)

Social Entrepreneur: a term popularized by Ashoka during the 1980s that refers to an individual who works to improve old, or build new, organizations that address the social problems of our world; he/she believes in the power of his/her ideas, perseveres in the face of adversity, and also helps others to recognize their potential to enact change.

Social Entrepreneurship: a process by which individuals build or transform institutions to advance solutions to social problems. (p. 1)

Venture Philanthropy: a venture capital approach to philanthropy; often involves a multiyear grant that is combined with some kind of direct engagement on the part of the donors (p. 109-110)

THOUGHTS FOR CHANGEMAKERS

1. Begin with an end in mind.
2. Do what you do best.
3. Have people ask you questions about your idea.
4. Practice pitching your idea.
5. Study the history of the problem you are attacking.
6. Develop a theory of change.
7. Keep thinking about how you can measure or evaluate success.
8. Celebrate every victory, no matter how small.
9. Initiate new relationships.
10. Apprentice yourself with masters. (Work without pay if necessary.)
11. Volunteer for a political campaign.
12. Publish a letter to the editor or an op-ed.
13. Meet with a newspaper editor and a congressman.
14. Host dinner discussions about your idea.
15. Form a group to achieve a modest, short-term goal.
16. Ask a question at a public forum.
17. Engage people with opposing political views.
18. Ask for advice from people you admire.
19. Read biographies of people who have built things.
20. Spend some time working in a different sector, field or country.
21. Practice public speaking.
22. Take a finance course.
23. Learn how to negotiate.
24. Find sources of inspiration and use them.
25. Hold to principles, be flexible about methods.

ADDITIONAL RESOURCES

1. See Appendix, pages 131-132
2. *Beyond Profit*, magazine launched by Intellectap
3. *Innovations*, MIT
4. *Journal of Social Entrepreneurship*, Oxford University's Skoll Centre
5. NextBillion.net
6. *Stanford Social Innovation Review*

ADDITIONAL TEACHING RESOURCES

1. *Social Entrepreneurship Teaching Resources Handbook, 2008 version*
www.berea.edu/epg/resources.asp
Ashoka U website, www.ashokau.org

ORGANIZATIONS

1Sky	350.org
Acumen Fund	America Forward
Ashoka	Atlantic Philanthropies (109)
B Lab (108)	BRAC
BRAC USA	Bridges Ventures (55)
Bridgespan (59)	Bridgestar (61)
CanadaHelps (51)	Centre for Social Innovation (115)
Childline (76)	City Year (68)
Civic Ventures (51)	Commongood Careers (61)
Deutsche Bank Eye Fund (55)	Do Something (50)
Draper Richards Foundation (51)	Echoing Green Foundation
Edna McConnell Clark Foundation (110)	Endeavor (56)
Energy Action Coalition	First Book (106)
Free the Children (85)	FSG Social Impact Advisors (113)
Genocide Intervention Network	GlobalGiving (51)
Global Voices Online (120)	Good Capital (55)
The Grameen Bank	Grameen Danone
Gray Matters Capital (55)	Green Dot Public Schools (77)
Groundviews (119)	Harlem Children's Zone (74)
HIP Investor (108)	Injaz (85)
Intelcap (55)	Interface (105)
Interfaith Youth Core (73)	International Development Enterprises
International Youth Foundation (85)	Investor's Circle (55)
ITNAmerica (97)	Jenesis Group (51)
Junior Undiscovered Math Prodigies (84)	KickStart