

**MGMT 8120/2120:**  
**Social Entrepreneurship**  
Spring 2023  
Quarter 4 (0.5 cu)

Prof. Assenova  
The Wharton School  
University of Pennsylvania

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Meeting times: T/Th 3:30 PM-5:00 PM  
Classroom: SHDH 107  
Office hours: by appointment

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### Course Overview

Social entrepreneurship – new venture creation that profitably confronts social problems such as poverty and inequality, lack of access to healthcare and education, and climate change – has attracted considerable interest among individuals and organizations as a way of creating lasting and positive social impact. The tenet of this approach is that many complex social problems, when viewed through an entrepreneurial lens, can create opportunities to launch new ventures and organizations that address these problems in a profitable, sustainable, and scalable way. Social entrepreneurs aspire to solve some of today’s most pressing challenges in both developed and developing economies by applying entrepreneurial thinking to create innovative products and services that deliver social and economic value. The process of addressing critical social challenges such as poverty, inequality, and environmental change through entrepreneurship can lead founders to create resource-lean not-for-profit and hybrid organizations pursuing both profit and social motives. Solving complex challenges through social entrepreneurship involves deeply understanding how to balance an organization’s social mission with its profitability, analyzing and engaging with multiple stakeholders, including international organizations, government agencies, and non-governmental organizations (NGOs), sourcing capital from donors and investors, measuring impact, and scaling operations. This course draws on case studies of hybrid, for-profit, and mission-driven organizations that have effectively navigated these challenges and enables students to gain hands-on experience with developing venture plans within teams.

### Course Objectives

By the end of the course, you will know how to identify your key beneficiaries' needs, develop solutions to address these needs, evaluate the operational requirements needed to implement your solution, develop an operating income statement, evaluate, and balance your organization’s social mission with its profitability, analyze and engage with key stakeholders, and assess your organization's progress over time to scale operations and social impact. You will also have developed a pitch deck for your social venture, which you can use to apply for Penn’s Venture Initiation Program, Startup Challenge, and other business plan competitions, or develop further into a for-profit, non-profit, or hybrid social enterprise.

### Recommended Courses

MGMT 8010/2300 are recommended courses that can be taken simultaneously. This course assumes familiarity with the material covered in the business fundamentals courses and a working knowledge of the concepts covered in those courses.

### Grading

- 10% Weekly homework assignments (Canvas)
- 20% Individual quizzes (Canvas)

- 30% Attendance and participation
- 40% Team capstone project: Social Venture Plan (SVP)

Each of the grading components will be z-scored to adjust for your performance relative to other sections of this course. These components will be weighted by the percentages above to determine your final letter grade.

### Grading Notes

**MBA Grading.** Please note that MBA students enrolled in the MGMT 8120 section will be evaluated relative to other MBA students in this course. The MBA grading will follow the Wharton MBA office requirements.

**Non-MBA Grading.** For non-MBA students enrolled in MGMT 8120/2120, we will use the following grading scale in determining the final letter grades:

Letter Grade	Percent Grade	4.0 Scale
A+	97-100	4
A	93-96	4
A-	90-92	3.7
B+	87-89	3.3
B	83-86	3
B-	80-82	2.7
C+	77-79	2.3
C	73-76	2
C-	70-72	1.7
D+	67-69	1.3
D	65-66	1
E/F	Below 65	0

### Required Readings

Most of the required readings for this course are available for purchase through the **Study.Net Materials** link on Canvas. You should receive an email with login information from Study.net at the beginning of the term. Please contact [customerservice@study.net](mailto:customerservice@study.net) with any login issues.

In addition, we will use the following book for additional readings in this course:

***The Social Entrepreneur's Playbook, Expanded Edition: Pressure Test, Plan, Launch and Scale Your Social Enterprise*, by Ian C. MacMillan and James D. Thompson (2013) [reference in readings: SEP]**

This book is a thorough guide to the process of creating social enterprises, authored by Wharton emeritus professor Ian MacMillan, based on his decades-long research of social entrepreneurs. The book is on reserve at **Lippincott Library (available free-of-charge electronically at Course Materials@ Penn Libraries)** and available for purchase on Amazon and your local bookseller. All other required readings are available free-of-charge through our **Course Materials @ Penn Libraries** link on Canvas.

### Recommended Readings

We recommend the following readings for anyone interested in pursuing social entrepreneurship as a career:

1. *How to Change the World: Social Entrepreneurs and the Power of New Ideas*, by David Bornstein (2007)

2. *Building Social Business: The New Kind of Capitalism that Serves Humanity's Most Pressing Needs*, by Muhammad Yunus (2011)
3. *The Business of Good: Social Entrepreneurship and the New Bottom Line*, by Jason Haber (2016)

## Classroom Expectations

Electronic devices are welcome (encouraged) in class, to support learning. Please be mindful that they do not serve as a distraction to you or those around you.

You are welcome to take notes during class. Please note that the lecture slides will be posted on Canvas at **5:00pm** the day of the lecture.

With the ongoing pandemic and health concerns, **mask wearing is encouraged in class**. We leave this to your discretion, but please be mindful of the wellbeing of those around you. If you are feeling ill, please stay home. You may request a copy of the class recording from me or the TA under the **Attendance & Video Requests** tab on Canvas.

Academic integrity is a core value of the University. Penn's [Code of Academic Integrity](#) [Links to an external site.](#) and [Plagiarism Policy](#) [Links to an external site.](#) outline the University's policies on academic integrity and plagiarism. Plagiarism is using ideas, data, or language from previously published sources (including your own work) without specific or proper acknowledgment. Failure to properly acknowledge your prior work and the work of others will result in a failing grade for an assignment and possible disciplinary action by the University.

The University is a community for the exchange of ideas and knowledge; policy discourages confidentiality and non-disclosure agreements. We encourage everyone to respect the ideas and intellectual property of others and not share ideas outside the class without permission.

## Attendance and Participation

Your presence is necessary for everyone's success in this course. You are allowed to miss **two** class meetings. Any absence after the third may impact your engagement with content and ideas shared in class, so I encourage you to remember this. Please be proactive in situations where you will be absent, if you experience an emergency, or anticipate a prolonged absence for any reason. If you must leave town for a personal or family emergency, please notify the instructor ahead of class and make arrangements for any missed work.

Please note that we have a **mandatory first-day attendance policy**. This means that if you want to take this course, you must be present on day 1.

Each session after the first will be worth 1 point towards your attendance. You will get automatic credit for days with no lectures and for any optional sessions. Please note that we will deduct a half a point (0.5 pt) if you arrive more than 10 minutes late or leave early.

## Weekly Homework Assignments

There will be 11 weekly homework assignments posted on Canvas ahead of each class session. These assignments will be completed within your SVP teams. To get credit, it is essential that everyone in your team is added to the right "SVP team" under the People tab on Canvas. Please check all your names and make sure that you are in the right team.

Each homework assignment will ask you to reflect on and apply the frameworks covered in class as a team to your social enterprise idea. Each assignment will be graded as a check/no check. Full credit (1 pt per homework) will be awarded if one member of your team submits the assignment on behalf of your team **on time**. Everyone on the team will then receive credit for the submission. We will use the time stamp of the submission as posted on Canvas. A half a point (0.5 pt per assignment) will be awarded for

any **late** submissions, based on the time stamp of your submission on Canvas. Zero points (0 pt per homework) will be awarded for **missed** submissions.

## Quizzes

There will be 4 individual quizzes on each module that we cover in class. These quizzes cover core material from the lectures and required readings. The quizzes will be posted at the start of the semester and will be available on Canvas until the posted due dates. Please note that you will not be able to take a quiz once it closes on Canvas. Quizzes close at 11:59 pm ET on the date when they are due. All due dates are listed in our Course Outline below. These quizzes are open book, open notes, and not timed. You will have 1 attempt to answer all questions. Each quiz is worth 7 points and has 7 questions (1 point per question). The format for these quizzes is multiple choice and multiple answers. There is partial credit available for any correct answers. Please see Canvas for further details and instructions.

## Social Venture Plan (SVP)

The final deliverable for this course is a team capstone project called the Social Venture Plan ("SVP" for short). You will need to **form teams of 5-8 people for your SVP**. You and your team will work together throughout the course on weekly homework assignments that will help you select and develop an idea into your capstone project. The final deliverable for the course is a 10-slide Power-point "pitch" deck outlining your social enterprise plan, which will be worth a total of 100 points. This deck will consist of the following slides (to be compiled in this order):

- 1. Title** [5pt] – Provide company name, your names, roles, and contact information
- 2. Problem/Opportunity** [15pt] – Clearly identify a *need* and describe your proposed *solution* (product or service) that satisfies this need. Identify and size a readily addressable customer and market. Demonstrate support for the uniqueness of your solution in addressing the identified need through the product or service you provide.
- 3. Value Proposition** [15pt] – Explain the *value* of the solution (product or service) you provide. Provide evidence that it is compelling. Identify the key benefits sought by customers and/or partners and explain the advantages of your solution over alternative solutions.
- 4. Underlying “Magic”** [10pt] – Describe the features that make your offering "magical," special, or otherwise unique and difficult to imitate, using diagrams, flowcharts, prototypes or a demo. This slide should elicit a "wow" reaction that makes it clear your solution is truly special.
- 5. Business Model/Operations** [10pt] – Explain how you will generate revenue from this solution: who pays you, what are your channels of distribution, what is your gross margins, etc. This is an opportunity to drop the names of customers or organizations that are already using your product (if applicable). The goal is to show that your business model is viable.
- 6. Go-to-Market Plan** [10pt] – Explain how you are going to reach your beachhead customers and launch. Who will be your first customers? How will you transition to attract more customers beyond these beachhead customers? What promotions will you offer? What marketing campaigns will you launch?
- 7. Competitive Analysis** [10pt] – Provide a complete view of the competitive landscape and the current and foreseen alternatives available to your target customers. Explain the sources of your competitive advantages relative to the most competitive alternatives available to your customers.
- 8. Management Team and Advisory Board** [5pt] – Provide a summary of the requisite skill set required (near term, medium term, long term) to make your venture a success. Describe the key players of your management team, including your venture team and board of advisors that will bring these skills to your venture.

**9. Projections and Key Metrics** [10pt] – What are your social and financial goals and how will you deliver on these goals? Explain your desired social and financial goals and provide a high-level projected operating income statement. Explain what assumptions underlie your ability to deliver the desired social and financial goals.

**10. Current Status, Accomplishments to Date, Timeline and Use of Funds** [10pt] – Explain the progress you and your team have made to date along key checkpoints and the timeline for further development. Provide a brief overview of the capital you'll need at each checkpoint and how you plan to use the funds (e.g., \$100K to hire a full-time software engineer).

## MGMT 2120/8120: Course Outline – Quarter 4

*Schedule and dates may change. The most up-to-date schedule is on Canvas.*

Session	Day	Date	Lecture Topic	Case Readings	Weekly Assignments (Posted on Canvas)
1	T	Mar 14	Articulate Your Target Problem and Substantiate Your Proposed Solution	“Social Entrepreneurship: The Case for Definition” (SEP Chapter 1)	(1) Within your teams, develop screen-in criteria and use them to select a social problem for you team’s capstone project.  (2) <b>HW 1: Post an idea on the Discussion Board. Start forming SVP teams on Canvas.</b>
2	Th	Mar 16	Specify Performance Criteria	OpenIDEO (SEP Chapter 2)	(1) Select a project idea using screen-in/out criteria.  (2) Specify unit of revenue and unit of social impact.  (3) <b>HW 2: Complete the SVP outline.</b>
3	T	Mar 21	Define and Segment Your Target Population	Sproxil (SEP Chapter 3)	(1) Specify 2-3 major beneficiary segments.  (2) Generate attractiveness features along which to score segments.  (3) Select a seed segment in which to test-launch your idea.  <b>HW 3: Complete the Segment Scoring Table.</b>
4	Th	Mar 23	Understand the Beneficiary Experience	CARE Kenya (SEP Chapter 4)	(1) Define the set of activities associated with the requisite beneficiary experience using the Beneficiary Experience worksheet.  <b>HW 4: Complete the Beneficiary Experience Table.</b>  <b>**Quiz 1 due on Canvas**</b>
5	T	Mar 28	Analyze the Most Competitive Alternative	Arcadia Biosciences (SEP Chapter 5)	(1) Identify the Most Competitive Alternative (MCA)  (2) Compare your solution to the MCA using your Beneficiary Experience worksheet.  <b>HW 5: Identify the Most Competitive Alternative.</b>
6	Th	Mar 30	Identify Operations Realities	Narayana Hospital (SEP Chapter 6)	(1) Identify the types of costs for your venture using the Deliverables worksheet  (2) Identify the sources for funding each type of cost using the Funding worksheet  <b>HW 6: Complete the Deliverables/Funding Table.</b>
7	T	Apr 4	Address the Inevitable Socio-politics	Barefoot College (SEP Chapter 7)	(1) Identify key stakeholders: allies, opponents, and indifferent agents in a Stakeholder Mapping worksheet.

					<p>(2) Come up with tactics for working with allies, opponents, and indifferent agents in a Tactics worksheet.</p> <p><b>HW 7: Complete the Stakeholder Impact Table.</b></p> <p><b>**Quiz 2 due on Canvas**</b></p>
8	Th	Apr 6	Develop a Concept Map	Abbott (SEP Chapter 8)	<p>(1) Develop a Concept Map for your social venture</p> <p><b>HW 8: Complete the Concept Map.</b></p>
9	T	Apr 11	Frame and Scope the Venture	Better Ventures (SEP Chapter 9)	<p>(1) Scope the business in the form of the physical units of output needed to meet the minimum social impact.</p> <p>(2) Scope the business in the form of the physical units of output needed to meet the financial goals.</p> <p>(3) Compare the financial and social scopes. Can you achieve financial sustainability under your current plan? Why or why not?</p> <p><b>HW 9: Complete the Scoping Table.</b></p> <p><b>**Quiz 3 due on Canvas**</b></p>
10	Th	Apr 13	Specify Deliverables, Establish Assumptions and Checkpoints	Acumen Fund (SEP Chapter 10)	<p>(1) Update your <b>Deliverables Table</b>.</p> <p>(2) Prepare a projected <b>Operating Income Statement</b>.</p> <p>(3) Outline the costs of maintaining and renewing assets in the <b>Asset Funding Table</b>.</p> <p><b>HW 10: Complete the excel tables above.</b></p> <p><b>**Quiz 4 due on Canvas**</b></p>
11	T	Apr 18	Launch Your Enterprise; Manage the Upside and the Downside	Sanergy (SEP Chapter 11)	<p>(1) Identify checkpoints (milestones) for testing your key assumptions.</p> <p><b>HW 11: Complete the Checkpoints and Assumptions Table.</b></p>
12	Th	Apr 20	Scale Up Your Social Enterprise	Timberland (SEP Chapter 12)	<p>Post Final <b>SVP</b> deck and complete the team feedback on Canvas by <b>11:59pm</b>.</p>

## COURSE READINGS

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### SESSION 1 – ARTICULATE YOUR TARGET PROBLEM AND PROPOSED SOLUTION

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Reading: “Social Entrepreneurship: The Case for Definition,” Roger L. Martin & Sally Osberg, *Stanford Social Innovation Review*, Spring 2007.

This session provides an overview of the course and a formal definition of social entrepreneurship. We will discuss the purpose and goals of social entrepreneurship, especially in relation to poverty alleviation and economic development in emerging economies, and compare this purpose and goals to those of more traditional models and approaches to entrepreneurship. We will also touch on the major themes of this course and discuss the place that social entrepreneurship occupies in the larger landscape of tools and techniques for addressing social problems, including governmental and non-governmental/non-profit approaches.

#### **Learning objectives:**

To understand 1) the definition of social entrepreneurship and the variety of approaches taken by organizations to create positive social impact, 2) be able to articulate the social problem that you would like to work on solving and your proposed solution, 3) be able to articulate what beneficiaries will need to do differently for your solution to work, 4) develop disqualifying criteria for screening out highly vulnerable ideas and screen-in criteria that will enhance the plausibility and attractiveness of your project. 5) understand the role of an advisory board and begin thinking about the types of individuals and organizations that you would need to have represented on your advisory board.

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### SESSION 2 – SPECIFY PERFORMANCE CRITERIA

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#### **OpenIDEO**

#### **Description**

The case describes OpenIDEO, an online offshoot of IDEO, one of the world’s leading innovation and product design firms. OpenIDEO leverages IDEO’s innovative design process and an online community to create solutions for social issues. Emphasis is placed on comparing innovation approaches within IDEO and OpenIDEO using real-world project examples. For OpenIDEO this includes increasing bone marrow donor registrations and improving personal sanitation in Ghana. In addition, this case explores the importance of fostering a collaborative online environment and designing innovative Base of the Pyramid (BoP) products and services.

#### **Learning objectives:**

To understand 1.) which performance criteria you would like to measure and use in planning your social venture, and to decide on 2.) a unit of social impact by which you intend to measure and monitor social performance progress, and on a unit of revenue by which you will measure and monitor financial performance progress and which you can validate with potential supporters of your venture.

#### **Setting:**

- Geography: Ghana
- Industry: Electron microscopes



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## SESSION 3 – DEFINE AND SEGMENT YOUR TARGET POPULATION

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### **Sproxil: Saving Lives Through Technology and Social Enterprise**

#### **Description**

Ashifi Gogo, founder and CEO of Sproxil, wants to scale his mobile product authentication technology to new applications and new regions, but he is uncertain which business model to use. Sproxil is a Nigeria-based company that verifies the authenticity of medicines using a scratch-off code and SMS. Students are asked to examine the role of private and public actors in verifying the quality of medicines as well as the advantages and disadvantages of non-profit and social enterprise models in providing people at the Base of the Pyramid with this much-needed service.

#### **Learning objectives:**

To learn how to 1.) specify major beneficiary segments that you would target for your social venture, 2.) generate a set of attractiveness features against which to score your segments and 3.) select the high-scoring seed segment with which you could test-launch your idea.

#### **Setting:**

- Geography: Africa
- Industry: Health care services, scientific & technical services

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## SESSION 4 – UNDERSTAND THE BENEFICIARY EXPERIENCE

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### **CARE Kenya**

#### **Description**

CARE's Rural Entrepreneurship and Agribusiness Promotion project is a new, market-driven approach to development in Kenya. Although the project has been successful from a development standpoint, it is not commercially viable. The sector manager must determine how to improve the project and make it commercially sustainable.

#### **Learning objectives:**

To learn how to 1.) understand and empathize with your target beneficiaries pain points, needs, current behavior, and alternatives, 2.) define the specific pain points or needs that you can address, the requisite beneficiary experience for a solution, and the associated activities, 3.) generate a Beneficiary Experience table and 3.) validate the proposed activities with your advisory board and target beneficiaries.

#### **Setting:**

- Geography: Kenya
- Industry: Agriculture, forestry, fishing & hunting

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## SESSION 5 – ANALYZE THE MOST COMPETITIVE ALTERNATIVE

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### Arcadia Biosciences: Seeds of Change

#### Description

Arcadia Biosciences is an entrepreneurial California agricultural biotech company seeking to earn carbon credits by modifying commodity crops for use in China and India. Eric Rey, Arcadia's CEO, faced a strategic inflection point in early September, 2008. The company had a plan to share carbon credits allocated by the United Nations Clean Development Mechanism Executive Board to China, for use of Arcadia's rice varieties, since they enabled farmers to reduce nitrogen fertilizer use, in turn lowering greenhouse gas emissions. But the company's proprietary traits for nitrogen use efficiency, salt tolerance, and water use efficiency also had more conventional paths to market based on licensing deals to large seed companies. Alternatively, Arcadia could acquire a seed company and develop and market its seed directly. A different near-term growth area involved commercializing enriched safflower oil which had undergone several proof-of-concept tests and for which Rey foresaw a clear market in nutritional supplements and functional foods. The case provides context on the company; describes advances in crops genetics focused to climate change and associated resource issues of fertilizer use, water use, and soil salinity; and poses strategic choices for a start-up company operating at the intersection of business, agriculture, and climate change.

#### Learning objectives:

To learn how to 1.) identify and compare the advantages and *disadvantages* of your solution versus the most competitive alternative (MCA) for your target beneficiary segment(s), 2.) think through and develop a plan for how you will handle the disadvantages of your solution and exploit the advantages for your key segment(s), and 3.) validate with your advisory board and target beneficiaries that the target segment(s) can be persuaded to embrace your proposed solution and change their behavior to accommodate your solution if needed.

#### Setting:

- Geography: China, India
- Industry: Agribusiness, Biotechnology, Water supply

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## SESSION 6 – IDENTIFY OPERATIONS REALITIES

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### Narayana Hrudayalaya Heart Hospital: Cardiac Care for The Poor

#### Description

The case describes the mission, vision, and strategy of a team of entrepreneurs headed by a charismatic heart surgeon who founded a heart hospital in Bangalore, India. The purpose of the hospital was to offer health care for the masses. This tertiary care hospital performed over 4,000 surgeries a year (approximately half on pediatric patients), which is more than that performed by The Cleveland Clinic and the Mayo Clinic (ranked #1 and #2 in the United States) combined. The interesting aspect of its business formula was its ability to offer such complex surgeries as CABG (popularly known as bypass surgery) for about \$2,000, which was substantially less than other similarly equipped hospitals in India. Its founder has already entered other complementary activities, such as a statewide insurance scheme for rural farmers –Yeshaswini. The founder has ambitious plans for a comprehensive “Walmartization” of health care in India.

#### Learning objectives:

To learn how to 1.) identify all the activities your enterprise must deliver to ensure that your beneficiaries actually experience what you propose and that your solution is actually superior to the most competitive alternative, 2.) identify all the capabilities your enterprise will need to execute your solution and plan how you will develop or secure needed capabilities, 3.) identify the capabilities your beneficiaries will need in order to experience the benefits you envisage, identify which ones they do not currently have, and plan how you will develop or secure the capabilities your beneficiaries lack, 4.) identify the types of costs you will incur to deliver these capabilities and determine funding sources for these costs.

**Setting:**

- Geography: India
- Industry: Health care services

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**SESSION 7 – ADDRESS THE INEVITABLE SOCIO-POLITICS**

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**Barefoot College of Tilonia: Lighting Up Rural Lives**

**Description**

In September 2013, Sanjit “Bunker” Roy was honored with an award for his vision and leadership in addressing global problems through his novel organization, Barefoot College (Barefoot). Barefoot’s mission was to improve the lives of impoverished rural residents by upgrading their existing skills with training so the villages and their residents were self-sufficient. When he started the college in the state of Rajasthan, India, in 1972, Roy never dreamed that Barefoot would be able to affect the lives of millions of people in 24 countries. Barefoot’s global footprint was spreading at a rapid pace with requests for even more locations. Roy wondered whether he should freeze the organization in its present state or continue to increase its presence with a centralized headquarters. Alternatively, he could replicate the autonomous model on a smaller scale, still adherent to the beliefs, values, and assumptions that were the foundation of Barefoot College.

**Learning objectives:**

To learn how to 1) determine who benefits from your business and who is at risk of negative impact, 2) identify all stakeholders, even those not directly affected by your business but capable of impacting it and determine how active each one is or soon will be and how much clout each has to affect others; 3) identify *key allies* and whether you have the ability to deploy them, *primary opponents* and whether you have the capabilities to neutralize them, and *needed indifferent*s and whether you will be able to mobilize them.

**Setting:**

- Geography: India
- Industry: Social advocacy organizations

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**SESSION 8 – DEVELOP A CONCEPT STATEMENT**

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**Abbott and the AIDS Crisis (A)**

**Description**

In 1999, the 20-year-old AIDS crisis had ravaged many developing countries on the continent of Africa. Of the estimated 33.4 million people living with HIV/AIDS worldwide in 1998, almost two-thirds (22 million) were in sub-Saharan Africa, considered the “global epicenter” of the disease. Already 12 million had died, and

life expectancy in the region plummeted from 62 years to 47. Chicago-based Abbott Laboratories had responded at the start of the AIDS outbreak by developing the HIV diagnostic test kit and then, later in the crisis, developed some of the state-of-the-art HIV/AIDS drugs. Abbott executives, led by new CEO Miles White, wanted to address the crisis in sub-Saharan Africa, but in a specific, efficient, and effective way. This case details the evolution of the AIDS crisis, Abbott Laboratories' HIV/AIDS drug production, and the company's efforts-in 1999-to find other ways to battle HIV/AIDS globally.

**Learning objectives:**

To learn how to 1) develop a concept statement, 2) articulate the problem and proposed solution, 3.) summarize the business proposition including the unit of social impact and unit of revenue, 4.) scope the market and competition in relation to your target beneficiaries' most competitive alternative (MCA) and state how your solution is better than the MCA, and 5.) map the social-political landscape, including key stakeholders, allies, and opponents.

**Setting:**

- Geography: Africa
- Industry: Pharmaceuticals

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**SESSION 9 – FRAME AND SCOPE THE VENTURE**

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**Better Ventures: Backing Entrepreneurs Building a Better World**

**Description**

This case centers on BV as it seeks to raise \$20 million for its first standalone fund between 2014 and 2016. Wes Selke and Rick Moss, the two BV co-founders, had built their experience in impact investing when they founded and managed Hub Ventures (HV) (a smaller accelerator-type fund of \$500,000) immediately prior to founding BV. Encouraged by the economic return and social impact from those early-stage, mission-driven HV investments, both Selke and Moss decided in late 2014 to raise a separate and much larger fund called Better Ventures Fund II (BVFII). This new fund would allow BV to make larger initial investments in its early stage portfolio companies and provide the needed capital to make add-on investments in subsequent financing rounds. The case discusses the challenges of raising capital for this new fund as well as BV's investment and impact theses, deal sourcing, and post-investment approach. The case eventually explores the next steps for BV, after successfully raising this first-time fund.

**Learning objectives:**

To learn how to 1.) scope your venture in the form of the physical output you will need to meet the social frame (your minimum social impact goals) and your financial frame (your profit or break-even goals), 2.) compared your social and financial goals and evaluated whether your financial goals can be met while you achieve your social impact goal, 3.) evaluate the plausibility of a sustainable business given your financial and social frames, 4.) run your project by your advisory board and by people on the ground to assess the acceptability of your social and financial goals and identify obstacles to implementation.

**Setting:**

- Geography: California, USA
- Industry: Venture capital

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## SESSION 10 – SPECIFY DELIVERABLES, ESTABLISH ASSUMPTIONS AND CHECKPOINTS

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### Acumen Fund: How to Make the Greatest Impact

#### Description

This case explores management’s challenge of how to best use a \$10 million contribution to make the greatest impact for the poor. Acumen Fund is global philanthropic venture capital fund that seeks to prove that small amounts of philanthropic capital, combined with large doses of business acumen, can build thriving enterprises that serve vast numbers of the poor at the base of the pyramid. In recent years, the organization has expanded its work into talent building and knowledge creation. Students learn the different roles intermediary organizations like Acumen Fund play in facilitating the development of successful Base of the Pyramid ventures and why are these efforts needed.

#### Learning objectives:

- 1.) Identify cost drivers of the deliverables required and estimate the operating costs for your venture, establish a projected income statement allowing you to compare projected revenue with projected costs of running the venture, outline the costs of maintaining and renewing assets that will require up-front investment, and identify potential sources of funding for your operations and the acquisition and maintenance of assets.
- 2.) Identify and document your assumptions, understand which assumptions have the greatest impact on your venture, develop a checkpoints and assumptions table designed to test no more than 10 “most important” assumptions, structure checkpoints in keeping with the philosophy of learning at low expense, and update your stakeholder impact table and modify your tactics in the face of unfolding sociopolitical realities.

#### Setting:

- Geography: Africa, India, Pakistan
- Industry: Venture capital

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## SESSION 11 – LAUNCH, MANAGE THE UPSIDE AND THE DOWNSIDE

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### Sanergy: Tackling Sanitation in Kenyan Slums

#### Description

This case centers on Sanergy, a five-plus-year-old hybrid organization, that has become a high profile, high growth, social enterprise, known initially for its Fresh Life toilets deployed in the Mukuru and Mathare slums of Nairobi, Kenya. Sanergy’s co-founders launched their social startup out of the 2011 MIT 100K business plan challenge and quickly received national attention in the press. By 2013, the firm had raised a “Series A” equity round from Acumen, Eleos Investment Management (Eleos) and Novastar, the team had also begun its operations in Kenya to more rapidly build-out both sides of its business: (1) in its non-profit business, deploying Fresh Life Toilets to improving access to hygienic sanitation in Nairobi’s informal settlements sanitation business, largely using a franchisee model; and (2) in its for-profit fertilizer business, with its Evergrow Organic Fertilizer, produced by Farm Star, sold to small- and medium-sized farmers in need of rich soil supplements. This case examines both Sanergy’s hybrid business model and “sustainable sanitation value chain” in detail and explores the challenges the social enterprise entity will face as it continues to scale up both businesses and seeks to reach the breakeven point by 2018.

**Learning objectives:**

To learn how to 1.) identify the key skills you will need to start: sales, operations, financial and cash flow, and negotiating skills, 2.) set up a program to minimize the commitment of funds until you have revenues to justify them, 3.) specify the characteristics of your target “first five” beneficiaries and set up table to compare expectations to actual results, 4.) continue testing assumptions at key checkpoints and redirect (and re-plan) the project accordingly when there is a significant difference between expected and actual results, 5.) continue monitoring shifts in the socio-political landscape to avoid getting blindsided.

**Setting:**

- Geography: Kenya
- Industry: Water, sewage & other systems

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**SESSION 12 – SCALE UP YOUR SOCIAL ENTERPRISE**

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**Timberland: Commerce and Justice****Description**

When Jeffrey Swartz became the third generation in his family to lead the Timberland Co., he pursued a strategy in which commerce and justice were “inextricably linked.” Community involvement, environmental management, and global labor standards became not addenda to the commercial strategy, but integral parts of it. Spanning more than 10 years of Swartz’s innovative leadership, this case presents a well-developed, value-centric business in which management faces two emerging challenges: how to measure the impact of its social justice activities and how to export its values-based strategy abroad. Focuses on strategic management of a corporate social responsibility (CSR) program. The development of Timberland’s innovative commerce and justice strategy sheds light on ways in which strategic alignment can provide energy, synergy, and resources critical to developing a successful CSR program within a for-profit company.

**Learning objectives:**

To learn how to 1.) put together a definition of failure and a disengagement plan, 2.) celebrate early, even if modest, successes and recognize those on the team who are responsible for them, 3.) consult with your advisory board to identify and put in place warning signals of both negative and positive second-order effects, 4.) recognize options for changes in mission or strategy from one enterprise type to another and (for projects under profit or financial sustainability duress) look at alternative organizational formats in the aspiration cascade.

**Setting:**

- Geography: New Hampshire, USA
- Industry: Footwear