

Undertaking the Entrepreneurial Process

Focuses on critical issues an entrepreneur faces in creating and sustaining a nonprofit organization.


[01] 10:05AM Thu, Sep 9, Cumnock Hall 220

[02] 1:30PM Thu, Sep 9, Hawes Hall 203


TOPIC


In just over two years, Steve Mariotti built the National Foundation for Teaching Entrepreneurship (NFTE) into an organization that had achieved national recognition for its work with economically disadvantaged and handicapped youth. Despite this accomplishment, questions were beginning to arise about the organization's overall strategy, funding, and management. The readings help us understand the institutional rationale for the creation of nonprofit organizations.

GUEST SPEAKER

 Steve Mariotti

MATERIALS

 Steve Mariotti and NFTE (391169)

 Excerpt from book by Sharon Oster, "Strategic Performance for Nonprofits Organizations," (pp. 3-10)

 Excerpt from Sharon Oster book, "Why Do We Have Nonprofits," (pp. 17-22)

ASSIGNMENT

1. What were the key elements that enabled NFTE to be born?
2. What is your assessment of NFTEs launch and performance to date?

COURSE PAPER: At the end of class, we will distribute a list of potential collaborating organizations and their strategic challenges, and briefly discuss the paper assignment

[01] 10:05AM Fri, Sep 10, Cumnock Hall 220

[02] 1:30PM Fri, Sep 10, Hawes Hall 203

TOPIC

Dr. Glenn Lopez went to Guatemala with the vision of creating a self-financing, nonprofit peasants HMO. After overcoming several initial delays, GuateSalud became operational in 1991, providing health services on coffee farms, with the farm owners acting as third party payers and the workers paying for their own medicines. Three years later, Lopez and his colleague, Dr. Carmen Cerezo, appear to be operating near break even, but financing remains a struggle and new client opportunities present major decisions. Reading [a] provides a general summary of the nonprofit sector while [b] points out some of the distinctive approaches and constraints to price setting for social enterprises.

MATERIALS



GuateSalud (395125)



Overview of the Nonprofit Sector (399027)



Excerpt from Sharon Oster book, "Pricing in the Nonprofit World," (pp. 98-105)

ASSIGNMENT

1. What is your assessment of GuateSaluds mission and its self-financing model?
2. How does the pricing reading relate to this model?
3. Taking the role of the social entrepreneurs business consultant friend, what would your advice be on GuateSaluds expansion options?

[01] 10:05AM Thu, Sep 16, Cumnock Hall 220

[02] 1:30PM Thu, Sep 16, Hawes Hall 203

TOPIC

The September 11th Fund was created immediately after the September 11th tragedies through a partnership between the United Way of New York City and the New York Community Trust, New York City's two largest nonprofit funders, with assistance from McKinsey consultants. The case examines the role of institutional and individual social entrepreneurship in the creation of this new foundation. The reading provides an overview of some of the key legal and managerial issues to think about when starting a nonprofit.

GUEST SPEAKER



Andre Dua

MATERIALS



September 11th Fund, The: The Creation (302083)



Note on Starting a Nonprofit Venture (391096)

ASSIGNMENT

1. What was it that enabled Dua to play the role that he did?
2. What are the critical factors that enabled the success of the partnership between the NYCT and the UWNYP? McKinsey and the UWNYP?
3. What factors would you identify as enablers or barriers to the three partners working together effectively?

FIELD PAPER: Tentative selection of your team members: At the end of Thursday's (9/16) class, you will have the opportunity to meet potential team members and begin forming your project teams.

End of Undertaking the Entrepreneurial Process

Mobilizing Economic and Human Resources

Acquiring capital and talent for a social enterprise, a key function of the social entrepreneur, is the focus of this module. Particular emphasis is given to innovative sources of financing, such as venture philanthropy and the Internet.


[01] 10:05AM Fri, Sep 17, Cumnock Hall 220

[02] 1:30PM Fri, Sep 17, Hawes Hall 203

TOPIC

In 1998 the student run newspaper of the Harvard Business School created the Harbus Foundation as a vehicle for distributing its profits to charitable causes. This case illustrates the process of creating a new social enterprise and the subsequent challenges of deciding to whom to donate its funds. Harbus Foundation management will join us to share their experiences as student social entrepreneurs and deepen our understanding of the donor perspective. The assigned reading surveys the nonprofit capital raising process.

GUEST SPEAKER

 Rebecca Braun & Nick Tiller

MATERIALS

 Harbus Foundation, The (399031)

 Jed Emerson, "The U.S. Nonprofit Capital Market," (pp. 188-201)

ASSIGNMENT

1. How should the Harbus Foundation decide to whom it should make its grants?
2. What lessons can be gleaned about how individuals can start a new social enterprise?

[01] 10:05AM Thu, Sep 23, Cumnock Hall 220

[02] 1:30PM Thu, Sep 23, Hawes Hall 203

TOPIC

After leading the Peninsula Community Foundation (PCF) through a period of tremendous growth, its president, Sterling Speirn, is faced with the prospect of a decline in the foundation's asset base for the first time in the Foundation's history.

In addition, the fact that financial service companies had made significant inroads in the market for administering donor advised funds in recent years, an area which had been a key source for growth for community foundations for the last few decades, compelled Speirn to evaluate PCF's positioning in the market and to consider potential collaboration opportunities with these companies.

MATERIALS



Peninsula Community Foundation (304-015)

ASSIGNMENT

1. What are the key factors that enabled PCF to achieve its accomplishments to date?
2. How well do PCFs DAF services compare with other DAF options available to donors?

[01] 10:05AM Fri, Sep 24, Cumnock Hall 220

[02] 1:30PM Fri, Sep 24, Hawes Hall 203

TOPIC

John Doerr, a partner in the venture capital firm Kleiner Perkins Caufield and Byers, decided in 1999 to apply his venture capital experience to philanthropy. His particular interest and frustration was with public education. He created the New Schools Venture Fund, led by CEO Kim Smith, as a venture philanthropy vehicle to enable higher performance in the organizations they would fund. The reading highlights ways in which the private sector venture capital model can be applied to the work of foundations.

GUEST SPEAKER



Jim Peyser

MATERIALS



New Schools Venture Fund (301038)



Virtuous Capital: What Foundations can Learn from Venture Capitalists (HBR 97202)

ASSIGNMENT

1. How does Kim Smith balance the realities of the nonprofit sector with the elements of venture capital and the expectations of the 18 New School Partners?
2. How may the criteria for funding developed by New Schools be objectively applied to a nonprofit organization?
3. To what extent do venture capital methods apply to social enterprise?

Paper: Your teams should be formed and you should begin the process of selecting a collaborating organization

[01] 10:05AM Wed, Sep 29, Cumnock Hall 220

[02] 1:30PM Wed, Sep 29, Hawes Hall 203

TOPIC

The internet has created the newest segment of the social sector capital market: ePhilanthropy. This session will give us two windows through which to examine ePhilanthropy. One of the early and best-funded ePhilanthropy enterprises was Charitableway. It had ventured initially into creating an online giving portal but then shifted its strategy to workplace giving. In that arena it had worked closely with United Way of America (UWA) along with various corporations and had successfully implemented a series of onsite, online giving campaigns. However, differences arose between Charitableway and UWA that raised significant issues for the company and its founder CEO Pete Montanos as to future strategy.

The second enterprise is Convio, an application services provider created by Vinay Bhagat (HBS MBA 98) at a much lower funding level and with a different strategy. Convio develops and markets Internet-based software that helps nonprofits optimally manage relationships with constituents. Convio's tools enable clients to engage in online fundraising, advocacy, marketing, communications, and most importantly, build loyal, sustainable supporter bases.

MATERIALS

 Charitableway (302003)

 Convio: A Social Entrepreneur's Journey

ASSIGNMENT

1. What is the value added that Charitableway brings to workplace giving for employees? For the corporations? For UWA?
2. Why have differences arisen between Charitableway and UWA?
3. What were the key differences in approach between Charitableway and Convio?

End of Mobilizing Economic and Human Resources

Achieving Social Objectives with Commercial Ventures

Examines a number of creative approaches and organizational structures used by for profit and nonprofit companies to address social issues. The market place is used as the primary vehicle for generating the resources needed for social betterment.


[01] 10:05AM Thu, Sep 30, Cumnock Hall 220

[02] 1:30PM Thu, Sep 30, Hawes Hall 203

TOPIC

Paul Newman, distinguished actor, created a small social enterprise to market a salad dressing he had developed. All of the after-tax profits from this operation are donated to charitable organizations. From this modest beginning, the company grew over the years to have sales approaching \$100 million. This growth and the company's continued evolution pose several management challenges to Newman and his new COO Tom Endoe.

GUEST SPEAKER

 Tom Endoe

MATERIALS

 Newman's Own, Inc. (399052)

ASSIGNMENT

1. Why has Newmans Own been successful?
2. What would your recommend to Tom Endoe?

[01] 10:05AM Wed, Oct 6, Cumnock Hall 220


[02] 1:30PM Wed, Oct 6, Hawes Hall 203

TOPIC

After a successful career in the software industry, John Sage, HBS MBA 89, dedicated his energies to social entrepreneurship. His most recent and major undertaking was the creation in 1998 of Pura Vida Coffee to market coffee from Costa Rica to churches in the U.S. The profits from the venture were to be returned to Costa Rica to help the social service ministry of an MBA classmate running a church there. Pura Vida was set up as a limited liability company with a sister nonprofit organization. Sales were done over the web or via an 800 toll free number. Revenues had begun to grow rapidly, including repeat sales. John now faced several decisions regarding both strategy and structure. The reading examines the concept of social marketing and how it differs from conventional marketing.

MATERIALS

 [Pura Vida Coffee \(303051\)](#)

 [Focusing the Concept of Social Marketing \(591047\)](#)

 [Pura Vida Poll](#)

ASSIGNMENT

1. What do you think of the basic concept of Pura Vida as a social enterprise?
2. What are the advantages and/or disadvantages of having organized Pura Vida as a for-profit company?
3. How do the social marketing concepts apply to Pura Vidas strategy?

[01] 10:05AM Thu, Oct 7, Cumnock Hall 220

[02] 1:30PM Thu, Oct 7, Hawes Hall 203

TOPIC

This Mexican organization was founded to care for and foster the social development of abandoned street children. Over the years it struggled to fund its growth from a variety of sources and most recently had turned its energies to the raising of goats to produce cheese. This earned income approach created new opportunities and challenges as the organization sought to gain financial sustainability. Reading [a] provides an overview of the range of social enterprises while [b] discusses nonprofit fundraising strategy and trends in individual and corporate giving.

MATERIALS



IPODERAC (399016)



Social Enterprise: Private Initiatives for the Common Good (395116)



Excerpt from Sharon Oster book, "Fundraising for Nonprofits," (pp. 107-121)

ASSIGNMENT

1. What is your evaluation of each of IPODERACs various donated funding sources as a means to achieve financial sustainability?
2. What is your assessment of their efforts to earn income through agricultural activities?

[01] 10:05AM Fri, Oct 8, Cumnock Hall 220

[02] 1:30PM Fri, Oct 8, Hawes Hall 203

TOPIC

Sarah Hoit, an HBS MBA, saw a need for high quality before and after school programs for students, from kindergarten through eighth grade, that provided academic value and were fun for student participants. Extensive research and prior knowledge of the education market led Sarah to create a for-profit company to compete in this area, historically the domain of the nonprofit and public sectors. The reading highlights some of the key strengths of nonprofit management and explores how they may be valuable for private sector managers.

GUEST SPEAKER



Sarah Hoit

MATERIALS



Explore, Inc. (300011)



Peter Drucker, "What Business can Learn from Nonprofits" (HBR 89404)

ASSIGNMENT

1. Can Explore deliver a quality social product and still satisfy the aggressive financial requirements of its investors?
2. Can Explore compete effectively against nonprofit organizations?

FIELD PAPER: For Thursday (10/14), turn in a one-page memorandum, to be shared with your collaborating organization, describing the challenge you will be addressing and a brief description of what you plan to achieve in the final report. Submit via email to Professor Wei-Skillern's assistant (kellawrence@hbs.edu).

End of Achieving Social Objectives with Commercial Ventures

Crafting Alliances

Crafting Alliances is becoming an increasingly integral part of social enterprise strategy. This module examines the opportunities and risks associated with building alliances among nonprofits and between nonprofits and for profits.

[01] 10:05AM Thu, Oct 14, Cumnock Hall 220

[02] 1:30PM Thu, Oct 14, Hawes Hall 203

TOPIC

This nonprofit was created with the mission of ensuring that every child, through the participation of their communities, has healthy play opportunities. To accomplish its mission, KaBOOM! had relied mostly on crafting corporate partnerships to support the construction of community playgrounds. Although it had to overcome expansion difficulties, KaBOOM!'s strategy had enabled it to build hundreds of playgrounds through a robust portfolio of partnerships. However, it faced growing competition as well as some fundamental choices regarding its future strategy. The reading provides a framework for evaluating the fit for a nonprofit-corporate collaboration and for managing these relationships.

GUEST SPEAKER



Darell Hammond, Founder and Chief Executive of KaBOOM!

MATERIALS



KaBOOM! (303025)



Excerpt from James Austin book *The Collaboration Challenge*, "Understanding Strategic Collaborations," (pp. 19-39)



Excerpt from James Austin book *The Collaboration Challenge*, "The Seven C's: Question for Partners," (pp. 186-188)

ASSIGNMENT

1. What is your evaluation of KaBOOM!'s use of corporate partnerships?
2. What should KaBOOM! do to deal with the increased competition?


[01] 10:05AM Fri, Oct 15, Cumnock Hall 220

[02] 1:30PM Fri, Oct 15, Hawes Hall 203


TOPIC

Guide Dogs for the Blind Association (GDBA), the world leader in the breeding and training of guide dogs, was in the midst of executing a long-term strategy for enhancing the effectiveness of the sector serving the visually impaired. Chief Executive Geraldine Peacock was concerned that systemic problems within the sector, such as politics among organizations serving the visually impaired, and program redundancies, prevented services from being delivered to many visually impaired people who needed them. The case explores creative and innovative strategies for intra-sector strategies for collaboration.

GUEST SPEAKER

 Geraldine Peacock

MATERIALS

 Guide Dogs for the Blind Association (303006)

ASSIGNMENT

1. What is your assessment of the hotel and holiday partnerships? The GDMS partnerships?
2. What role should GDBA play in the visually impaired sector's umbrella organization?



[01] 10:05AM Thu, Oct 21, Cumnock Hall 220

[02] 1:30PM Thu, Oct 21, Hawes Hall 203

TOPIC

Under Nancy Barry, an HBS MBA, Womens World Banking (WWB) strategy involved strengthening WWBs own affiliate network as well as collaborating with other nonprofits in the microenterprise industry to influence government and donor policies. As the organization moved into the next century, it was contemplating creating another form of strategic alliance in order to expand its reach to needy microentrepreneurs. In addition to the challenges of managing these various alliances, WWB also faced challenges regarding its organizational capacity to achieve its target growth. The reading helps us to apply industry analysis techniques to the social sector.

MATERIALS

-  Women's World Banking: Catalytic Change Through Networks (300050)
-  Excerpt from Sharon Oster book Strategic Management for Nonprofit Organizations, "Structural Analysis of a Nonprofit Industry," (pp. 29-45)

ASSIGNMENT

1. What is your assessment of WWBs strategy of creating alliance networks since Nancy Barry assumed the presidency?
2. What is the intent and purpose of the associate network? How do you see the relative roles of cooperation and competition in the social sector?

End of Crafting Alliances

Managing Growth

Explores the distinctive challenges associated with the growing of social enterprises. For social entrepreneurs who successfully make it through the start-up stage, the next major challenge is getting bigger.


[01] 10:05AM Fri, Oct 22, Cumnock Hall 220

[02] 1:30PM Fri, Oct 22, Hawes Hall 203

TOPIC

The STRIVE network of organizations provides employment training and placement for hard-to-employ young urban adults. Featuring short, tough love training, quick placement, and long-term follow up, STRIVE started with the founding of the East Harlem Employment Service (EHES) by a handful of people in 1983. It gradually expanded over 15 years to 13 affiliated sites in New York City and 4 STRIVE inspired but independently run organizations in eastern US cities. In 1997, with the advent of welfare reform and heightened media attention on STRIVE, the organization experienced a dramatic nationwide rise in interest and calls for replication.

GUEST SPEAKER

 Sam Hartwell (Morning Section)
Kitt Sawitsky (Afternoon Section)

MATERIALS

 STRIVE (399054)

ASSIGNMENT

1. What is your assessment of how STRIVEs service model and organizational structure adjusted to each stage of its growth?
2. What was the role of the funding partner mix in the evolution of the strategy?

[01] 10:05AM Wed, Oct 27, Cumnock Hall 220

[02] 1:30PM Wed, Oct 27, Hawes Hall 203

TOPIC

Sustainable Conservation (SusCon) is an environmental nonprofit in San Francisco, California, which works collaboratively with the private and public sectors to achieve positive environmental change. After 10 years of work focusing exclusively on California, the organization is considering expanding its reach outside the state as a step towards national expansion. The case examines the issues and challenges that nonprofit organizations need to consider when determining whether and how to go to scale.

MATERIALS



Sustainable Conservation-- Where Next? (9-304-017)

ASSIGNMENT

1. In general, what do you see as key benefits and risks to nonprofit expansion?
2. In your view, is SusCon ready for expansion? Why or why not?

End of Managing Growth

Measuring and Managing Performance

Deals with perhaps the most complicated and distinguishing managerial feature of social enterprises compared to commercial businesses.


[01] 10:05AM Thu, Oct 28, Cumnock Hall 220

[02] 1:30PM Thu, Oct 28, Hawes Hall 203

TOPIC


After graduation from Yale in 1994, Aaron Lieberman founded Jumpstart, a nonprofit that links college student tutors with Head Start youngsters. The organization has flourished under Aaron's leadership as CEO, and with key support from the national youth service program Americorps, is in the process of a national roll-out. Measuring and managing performance has been a key driver for the board and management of this nonprofit since very early in its creation and considerable resources have been allocated to the development and refinement of meaningful metrics.

GUEST SPEAKER

 Aaron Lieberman & Rob Waldron

MATERIALS

 Jumpstart (301037)

 John Sawhill, "Mission Impossible? Measuring Success in Nonprofit Organizations"

ASSIGNMENT

1. What are the key elements in Jumpstart's "Growth with Quality" strategy? Do you have any concerns?
2. What are the pros and cons of Jumpstart's performance measurement and management system and how well do the pieces fit together?
3. In what way does having a performance measurement and management system at the core of Jumpstart's organization impact the culture and staff?
4. What are the challenges of sustaining Jumpstart's performance measurement and management system and how does the system link to its aggressive growth strategy?


[01] 10:05AM Fri, Oct 29, Cumnock Hall 220


[02] 1:30PM Fri, Oct 29, Hawes Hall 203

TOPIC

Donors are increasingly asking for greater accountability from their grantees. They ask questions such as What really happened as a result of our grant? and How can you show me the difference you have made through your work? As greater numbers of philanthropists seek to apply business frameworks in the social sector, the language and concepts are shifting as well. Donors are now asking, What is the return on our investment? The reading provides additional background on the SROI concept.

MATERIALS

 Asian Neighborhood Design (SE-44)

 Jed Emerson, Social Return on Investment, (pp. 132-143)

ASSIGNMENT

1. What initial challenges does Maurice Miller face in responding to the donors request?
2. Is such a framework appropriate to his work and mission?
3. What are the long-term challenges he must address?

FIELD PAPER: For Wednesday (11/10), submit a one-page progress report on your field based paper by e-mail to Professor Wei-Skillern's assistant (kellawrence@hbs.edu), describing what has been accomplished to date and the remaining tasks and the timeline for completing your paper.

End of Measuring and Managing Performance

Governing the Social Enterprise

This two-case module will provide an opportunity to explore the challenges of governance as a critical determinant of effectiveness.

[01] 10:05AM Thu, Nov 11, Cumnock Hall 220

[02] 1:30PM Thu, Nov 11, Hawes Hall 203

TOPIC

In this session, we will discuss the opportunities and challenges for effective board membership. Throughout many of our previous cases we have seen the important role that nonprofit board members play, particularly in relation to the Executive Director. This case presents a conflict situation between the Executive Director and the board, leading to a crisis for the organization. The reading describes the roles and responsibilities of nonprofit board members.

MATERIALS

 Cantuga Farmworkers Clinic (A) (797041)

 Sharon Oster, "The Nonprofit Board of Directors," (pp. 75-85)

ASSIGNMENT

1. Why did this situation arise?
2. Do you agree with the boards decision?

[01] 10:05AM Fri, Nov 12, Cumnock Hall 220

[02] 1:30PM Fri, Nov 12, Hawes Hall 203

TOPIC

Harold Morton, an accomplished investment banker, and recently appointed board member to the Rivendell Board, looks forward to his first board meeting in which a new president of Rivendell College is to be selected. Drawing on an informal, initial conversation with the Board chair about the board's history, norms, and the chairman's change agenda, Morton ponders the role that he should play at this meeting given his very strong desire to participate actively in the meeting. The reading poses a set of four key questions board members should ask themselves in their role as overseers and offers indicators that are useful for evaluating the nonprofit's performance on these issues.

MATERIALS



Harold Morton and the Rivendell Board (A) (303114)



Regina Herzlinger, "Effective Oversight: A Guide for Nonprofit Directors" (HBR 94404)

ASSIGNMENT

1. What should Harold's objective be for his first board meeting?
2. What should he be most concerned about?

[01] 10:05AM Fri, Dec 3, Cumnock Hall 220

[02] 1:30PM Fri, Dec 3, Hawes Hall 203

TOPIC

In this final class session we seek to share some of the key lessons gleaned from your field based learning. Each team should be prepared to present the most important insight it gained from the paper assignment. Because of the time constraint, the presentation will be brief and limited to a time specified by the instructor.

ASSIGNMENT

- Paper Due (see last page of Syllabus)
- Team Presentations of Lessons
- Concluding Comments
- Course Evaluation

The paper is due no later than 5:00p.m., December 3, 2004. BOTH A HARD COPY AND AN ELECTRONIC COPY VIA EMAIL (kellawrence@hbs.edu) should be delivered to Kelly Lawrence's office, Mellon A3-6, by this deadline. This due date is firm!

End of Governing the Social Enterprise