



H A R V A R D | B U S I N E S S | S C H O O L

# Developing a Social Enterprise Business Plan

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*Margot Dushin, HBS Social Enterprise Initiative*

*Stephanie Dodson, Draper Richards Kaplan Foundation*



# Definitions

***What is social entrepreneurship?***

Entrepreneurship is an activity or behavior as opposed to a person or an ideology

- ***Entrepreneurship*** – The pursuit of opportunity regardless of the resources you currently control
- ***Social entrepreneurship*** – The pursuit of an opportunity to create pattern-breaking social change regardless of the resources you currently control
  - Whether non-profit, for-profit, or public sector

# Your business plan: who is it for?



**Creating a road map**

**Identifying gaps**

**Telling story in a  
compelling way**

# Developing your business plan

## Nailing the Vision

- The problem and the opportunity
- Mission
- Tying the vision to action: Theory of change & your solution

## What you have to get right early on to succeed \*

- Leadership: team and board
- Revenue model
- Measurement and evaluation
- Messaging/communications

## What else you need to know before you get started

- Ecosystem
- Risks
- Scaling strategy

*\* DRK focus areas with early stage organizations*

## NAILING THE VISION

# The problem and the opportunity

*Why does anyone care?*

### *PROBLEM*

- Why is it important?
- What is the scale?
- What are the contributing factors?
- What are the root causes?

### *OPPORTUNITY*

- Why is it solvable?
- What other approaches have been tried and what are their results?
- What would the world look like (your vision) if you solved it?

## NAILING THE VISION

# Mission

*What's the  
big vision?*

Your statement of what you will achieve over the long term

### 4 “M”s of Mission Statements

- Memorable
- Manageable
- Measurable
- Motivational

## NAILING THE VISION

# Mission - Examples

- One day, all children in this country will have the opportunity to achieve an excellent education .
- Tackling youth unemployment in West Africa.
- Connect people through lending to alleviate poverty.
- Close the Opportunity Divide by providing urban young adults with the skills, experience, and support that will empower them to reach their potential through professional careers and higher education.
- Educate leaders who make a difference in the world.

## NAILING THE VISION

# Theory of Change

***What's your  
"if...then"  
statement?***

The *rationale* that connects mission to strategy

- Based on your understanding of the problem, what is your theory about which actions and resources will lead to the results you want to achieve
  - Assumptions of cause and effect in your logic chain  
Inputs → Activities → Outputs → Outcomes → Impact
  - Is your theory of change based on research
  - Are there leaps of faith in the theory that you must defend
  - Is your theory focused on local or systemic change, or both



## NAILING THE VISION

# Theory of change example: Global Citizen Year

We believe that the best way to improve college outcomes is to change the inputs.

Through world-class training and structured immersion we equip Fellows with global skills, empathy, and grit — the foundations for success in college, careers, and life.

We envision a world where this bridge year becomes a common expectation and opportunity — transforming education and unleashing the potential of a new generation of global citizens.

## NAILING THE VISION

# Theory of change example: Roca

Roca's work is based upon the theory that when young people are re-engaged through positive and intensive relationships they can gain competencies in life skills, education and employment that keep them out of prison move them toward living out of harm's way and toward economic independence.

## NAILING THE VISION

# Your solution

*How will  
you convert  
theory into  
action?*

- **Who** are the beneficiaries or customers?
- **How** will you serve them?
- **What** specifically does your program look like?
- **What** initial management and governance structure will you put in place to implement the strategy?
- **What** partnerships or collaborations would be critical or useful?
- **What** criteria did you use for choosing to become a nonprofit or for-profit organization?
- **On what premises** (experience/knowledge) did you build your solution?
- With whom and how have you **tested your vision**?

GET IT RIGHT EARLY

## Leadership: team and board

- What about your team and board makes it likely you can execute this plan?
  - Personal connection to mission
  - Background, experience, expertise
  - Networks: access to resources
- What expertise don't you have and how will you get it?
- How might the team composition and board change over time?

GET IT RIGHT EARLY

## Revenue model

*How will  
you finance  
your business  
plan?*

At start-up stage:

- How much start-up capital do you need?
- What sources are available to provide seed capital?
- How will you spend it?
- What is your burn rate?
- How will you acquire capital to go to the next level?
- How will you fund scaling the organization?

GET IT RIGHT EARLY

## Revenue model – key elements

- Revenue mix – contributed and earned
- Identify fixed and variable costs of operating your model
- Cost structure – what is your unit cost and how does growth affect it
- Cash flow projections and income statements  
(3 - 5 year pro-forma)
- **Sustainability** – good and bad projects die when cash ends—pay attention to cash

## GET IT RIGHT EARLY

# Measurement and evaluation

- Create a measurement and evaluation/data system and culture
- How will you assess your organization's effectiveness in achieving its mission

Inputs → Activities → Outputs → Outcomes → Impact

- Indicators should link back to your mission, theory of change and strategy
  - Just enough indicators, and no more: i.e., the critical ones
  - Adapt measures and process to the stage of the organization
  - Set and measure interim milestones on the way to longer-term goals
  - Use measures to improve your program and organization

GET IT RIGHT EARLY

# Messaging and communication

What is your message?

- How do you talk about the problem and solution?
- What stories can you tell and show; what examples can you share?
- How do you talk about your team?

How do you communicate it?

- Pitches (of varying lengths), exec summaries, PPT decks, full plans
- Social media and website presence



## WHAT ELSE?

# Ecosystem

- What are the rules of the game (i.e., regulatory, tax, political)?
- What is the market need and size of the opportunity?
- Competitive landscape: what other approaches to solving the social problem have been tried?
  - What have been the experiences of other service providers?
  - What is distinctive about your approach and organization?
  - How much money flows to your 'issue' annually from all sources and how is it distributed?
  - How will you capture existing dollars or attract new resources?

## WHAT ELSE?

# Risks

- What could go wrong?
  - Contextually
  - Strategically
  - Programmatically
  - Financially
- How will you mitigate these risks?
- Raise and address key risks but do not overdo it

## WHAT ELSE?

# Scaling strategy

Scale: the measurable increase in impact based on the spread of a practice, program or process

- How will you scale using one or more of the following:
  - Grow the organization, launch more sites
  - Replicate your model using other organizations
  - Create a social movement
  - Organize collective action
  - Change government policy and practice
- Considerations of scale:
  - How do you maximize the value you are trying to create?
  - How do you balance the “speed of scaling” with program quality to optimize social value creation?

# Upcoming workshops & deadlines



***What's next?***

- **Feb 25:** Legal Aspects of Starting a Social Enterprise
  - **March 2:** Testing Your Social Venture: Iterating Based on Market Feedback
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## **HBS New Venture Competition**

→ **March 9, 12:00 noon:** Final entry deadline and executive summaries due

**[www.hbs.edu/newventurecompetition](http://www.hbs.edu/newventurecompetition)**

***If not you,  
then who?***

***If not now,  
then when?***

***What's  
YOUR  
idea?***

**One simple idea can change the world**  
[www.hbs.edu/newventurecompetition](http://www.hbs.edu/newventurecompetition)