

# **MGMT 212/810: Societal Wealth Venturing (1.0 cu)**

## **Spring 2010**

**This syllabus is a game plan subject to change, do not even begin to think it is a contract**

Ian MacMillan  
4th Floor Vance Hall – 37<sup>th</sup> and Spruce  
Office hours: MW 8.00 to 9.00 by appointment only  
macmilli@wharton.upenn.edu

TA: Erol Toker (etoker@wharton.upenn.edu)

**Textbook: “Up and Out of Poverty” – Kotler/Lee  
Bulkpack**

### **Course Description and Philosophy**

For this course societal wealth venturing is defined as entrepreneurship used as a market-based catalyst to profitably confront social problems. This definition views societal wealth venturing as a distinct alternative to public sector initiatives. The basic thesis is that many social problems, if looked at through an entrepreneurial lens create opportunity for someone to launch a venture that generates profits by alleviating that social problem. This sets in motion a virtuous cycle – the entrepreneur is incented to generate more profits and in so doing, the more profits made, the more the problem is alleviated.

However, this is by no means a simple challenge. It involves deeply understanding how to prioritize a multi-mission entity, how to analyze and engage traditional agencies, how to formulate political strategies to develop influence and social assets in target beneficiary markets, how to forge negotiating strategies for securing resources, how to capture publicity for the enterprise, and generally how to minimize resource requirements. Even if it is not possible to eventually create a profit-making enterprise, the process of planning to do so can lead to a resource-lean not for profit.

**Note:** MGMT 806: *Formation and Implementation of Entrepreneurial Ventures* and MGMT 810 apply a common theoretical framework to businesses with differing value

propositions; therefore, students should **not** plan their course of study to include both of these courses.

### **Societal Wealth Venture Business Plan**

In this course we will begin to demonstrate the validity of this societal entrepreneurship thesis. Student groups will conceive of possible social wealth generating ventures and then develop a plan to seed the formation of a business to implement the social solution as a formal experiment. Our hope is that a meaningful fraction of these plans will result in the actual launch of a societal wealth generating enterprise.

The development of business plans for societal wealth venturing poses a unique and significant challenge. Unlike a conventional course in entrepreneurship where the main focus is on the creation of a rent-generating enterprise, in this course we will be looking at the combination of analysis of the social problem plus the potential of its rent-generating enterprise, followed by the development of a business plan. In addition, seeking viable funding sources for social enterprises also presents unique challenges. Funding for these ventures may stem from nontraditional sources such as not-for-profit foundations which are disposed to provide funding for the alleviation of social problems. Thus a major component of the course is for teams of students to develop a Venture Business Plan. Individual students' grades will be determined by the score their team receives, adjusted by a peer review rating of their contribution, as described below.

### **"Live Case Study" Methodology**

Instead of traditional cases this course will employ what we call a "live case" methodology. The projects on which the student groups are working will be used as live cases to demonstrate the principles to be applied in societal wealth venture situations. Instead of student groups having to prepare written cases we will employ live case methodology in the course through active discussion of the projects which the students are developing. In the live case study, a student will present operational or strategic challenges that he or she is facing in the societal wealth venture. Class members will be expected to participate in the live case studies by making suggestions and presenting possible solutions to the speaker's challenges.

## **Readings Report**

In addition, a considerable component of the course will involve your reading and internalizing theoretical materials germane to societal wealth venturing. You should submit a readings report which summarizes the key insights you obtained from the readings and the degree to which they applied to your projects.

### **Readings report description**

You will be required to submit a five page report describing how the bulkpack (not textbook) readings applied to your societal venturing project.

The structure is simple: Pick the five readings that you think were the most useful for a decision your team made about your venture. The reading does not have to support your decision, but please explain what concepts and conclusions were useful to you and how you incorporated the learnings into your venture.

Appendix: List all readings (including your five) and rate each reading's usefulness along the spectrum: no value, some value, useful, very useful. At the end of the appendix also include recommendations of any readings your team is aware of that did not appear in the required readings list, but you feel should be included. This report will then be used to improve the readings for this course.

The readings report will count 20% towards your final grade

### **Prerequisites**

MGMT230 or MGMT801 are strongly recommended prerequisites. It is expected that much of the materials covered in MGMT 230 or MGMT 801 will have already been mastered or will be mastered early in this course.

The assigned readings in the course are in the range of moderate to heavy, particularly at the beginning of the course. For each session the required readings must have been studied in advance.

From time to time, mid-course changes in presentations or materials may be made to accommodate schedule changes of visiting speakers.

## **Bulkpack**

The bulkpack is divided into two components: Required Readings and Supplemental Materials. Mastery of the Required Readings should be demonstrated in the final business plan presented at the end of the program. The Supplemental Materials are provided for those students who are determined to pursue a career in entrepreneurship focused on societal wealth generation and want more insight and depth of understanding of the challenges they will face. This is not a career choice for the faint of heart.

## **Venture teams**

Extensive group work outside of class is an essential part of this course. Course participants are to form new venture teams of five students whose talents, skills and knowledge are complementary. To the extent possible, the formation of teams should begin before the first class. However, if students are not in groups by the end of the add-deadline we will assist them in finding a group that they would like to join. Other factors crucial to your team's functioning are the management and coordination of group effort by appropriate means (telephone, eRoom, e-mail, sub-group meetings, etc.).

## **GRADING**

Team and individual performance will be measured in determining the final grade of each student. Therefore, individual grades are likely to vary within each team.

The team grades will be determined as follows:

**Venture business plan** The overall quality and cohesiveness of the written Venture Business Plan will count 60% toward the grade, but for the individual team members this will be adjusted by the team's weighting of their individual contributions. Individual contribution to the team performance in the conceptualization, development, and presentation of the VBP will be determined through peer review. The peer review scheme is as follows:

You will be asked to use the TEAM MEMBER EVALUATION FORM (attached at the end of the syllabus) to rate the contribution of each of the team members by assigning a percentage effort score to that member. These scores will be used to calculate the weight that will be applied to the individual's teamwork as illustrated by the example below:

Percent given		to A	to B	to C
% given	by A	NA	100	65
	by B	85	NA	55
	by C	75	100	NA
Average		80	100	60
Grand Avg. = $(80 + 100 + 60) / 3 = 80$				
Weighting — Avg./Grand Avg.:		80/80	100/80	60/80
Adjustment		1	1.25	.75
So if the team score was 50 points then:				
A would get $1.00 \times 50 = 50$				
B would get $1.25 \times 50 = 62.5$				
C would get $0.75 \times 50 = 37.5$				

**Class participation** throughout the semester determines 25% of the final individual grade. Class participation will be determined by considering your attendance and active participation in class discussions. Your ability to demonstrate that you have prepared the materials assigned to a particular class and both the quality and the quantity of your contributions will be evaluated.

**Readings report.** You should submit a readings report which summarizes the key insights you obtained from the readings and the degree to which they applied to your projects. This will count 20% in your final grade.

To repeat, the following weights determine the final course grade:

**55%** of your grade will be based directly on the grade given to the team for the VBP, **adjusted by the group weighting system described above**

**25%** of your grade is based on individual class participation and presentations

**20%** of your grade will be based on the readings report

**Some ground rules:** If you elect to take this class you are assumed to agree to the following conditions:

1. You recognize that the course is graded to a curve. There will be no more than 15% As and 40% Bs in the class. There will be at least 10% LTs in the class
2. You recognize that the instructor will take great care to grade as fairly and evenly as possible and will not discuss grades at the end of the course.
3. You recognize that if you work in a group then a significant percentage of your grade will be dependent on group work and will therefore abide by the weighting score developed from your peer group members' ratings of your contribution.

### **Confidentiality**

The University is a community for the exchange of ideas and knowledge; policy discourages confidentiality arrangements. In those instances where confidentiality does not interfere with learning, the instructor will honor requests for confidentiality of student projects on a case-by-case basis. Students will be expected to respect the intellectual property of others.

## DETAILED SYLLABUS Version 1.13: 030809

The numbers in the column headed “Readings” are the numbers of the articles in the readings list below. Required Textbook Chapter readings are labeled CH X and follow the readings number

Session	Date	Course Section	Specifics	Work Due	Readings
1	12-Jan	Introduction/Add-Period	Introduction to the class		CH1
	Martin Luther King Day				
2	19-Jan		Definition of Poverty and why it hurts everyone. Introduction to the current social change landscape		2,3,7
3	24-Jan		An introduction to social entrepreneurship; objectives, examples and defining success.		
4	26-Jan		<b>Guest Speaker: Jim Thompson</b>		13
5	31-Jan	Identifying/ Evaluating Target Market Opportunities	Groups announced. Identifying potential markets. Can't tackle all of poverty. How to choose areas to address and prioritize? <b><u>Requirement: students need to solve something close to home for them</u></b>		CH4-5
6	2-Feb		Bottom of the Pyramid		15
7	7-Feb		<b>Guest Speaker: Gratio Capital</b>		
8	9-Feb	Social Marketing	Identifying desired consumer behaviors and the push to change (Acumen Case)	<b>Due: Market Opportunity, The Social Need, Stakeholder Analysis</b>	1,21,23 CH6
9	14-Feb		Most Competitive Offering, Desired Positioning		CH7-8
10	16-Feb		Case: Poultry Feed		6,16,7
11	21-Feb		<b>Guest Speaker (TBA)</b>		
12	23-Feb	Discovery Driven Planning	Introduction to DDP	<b>Due: Product Overview, Operations Plan</b>	
13	28-Feb		Case: Call Center		
14	2-Mar		DDP Case (cont'd)		4,9
	SPRING BREAK				
15	14-Mar		DDP & Crystal Ball Analysis		
16	16-Mar		<b>Guest Speaker: Circulator Boot</b>		
17	21-Mar		Operations Challenges	<b>Due: Marketing Plan/ Comp. Analysis</b>	
18	23-Mar		<b>Guest Speaker: The Khaya Cookie company</b>		20
19	28-Mar	Risk Mitigation	De-risking and the importance of identifying/mitigating risks in the business model	<b>Due: DDP Financial Model, Monte Carlo Analysis</b>	

20	30-Mar		Politics of Execution		12,14
21	4-Apr		Publicity Strategy		10
22	6-Apr		Negotiations Strategy		
23	11-April		DRAT Analysis		
24	13-Apr		<b>Guest Speaker</b>		
25	18-April		Practice Final Presentations	Class will use this time to practice their pitches to the class and gain	<b>Due: Risk Analysis</b>
26	20-April		Final Presentations		<b>Due: Full Business Plan</b>
27	25-April				

## Readings list.

1. Dees and Backman, "Social Enterprise: Private Initiatives for the Common Good," Harvard Business School note #9-395-116.
2. Dees & Oberfield, "Note on Starting a Nonprofit Venture," HBS 391-096
3. Stevenson & Roberts, "The Start-Up Process," HBS 384-179
4. Andreasen, "Profits for Nonprofits: Finding a Corporate Partner," HBR 96601
5. IBM's Reinventing Education (A) Harvard Case 399-008
6. Rangan, Karim, and Sandberg, "Do Better At Doing Good," HBR 96308
7. Dees, "Enterprising Nonprofits," HBR 98105
8. New Profit Inc.: Governing the Nonprofit Enterprise, HBS N9-100-052
9. Surviving Success: An Interview with the Nature Conservancy's John Sawhill, HBR 95508
10. Letts, Ryan, & Grossman, "Virtuous Capital," HBR 97207
11. MacMillan, I.C. "The politics of new venture management," HBR Nov./Dec., 1983.
12. Dees & Dolby, "Sources of Financing for New Nonprofit Ventures," HBS 391-097
13. MacMillan "Call Center for the Blind" case – **no reading, the case will be verbally presented**
14. Foroohar, Rana, "Where the money is"
15. C.K. Prahalad, Allen Hammond "Serving the World's Poor, Profitably" September 2002 Issue Reprint # R0209C
16. Excerpts from "Everybody loves a good drought" by P. Sainath
17. Excerpts from "Dark Star Safari" by Paul Theroux
18. Cents City business plan
19. "Where the rubber meets the road"
20. Khaya Cookies - **no reading, the case will be verbally presented**
21. Acumen case
22. PATH case
23. "Planners versus Searchers" Excerpt from *The White Man's Burden* by William Easterly. Penguin Books, 2007

## Recommended Readings

- Hopkins, Bruce. *A Legal Guide to Starting and Managing a Nonprofit Organization*. New York: John Wiley & Sons, 1993.
- Kotler, Philip and Alan Andreasen. *Strategic Marketing for NonProfit Organizations*. New Jersey: Prentice Hall, 1996.
- Smith, Bucklin and Associates. *The Complete Guide to Nonprofit Management*. New York: John Wiley & Sons, 1994.
- *Down to Earth* by Forest Reinhardt (Cambridge, MA: Harvard Business School Press, 2000)
- *Natural Capitalism* by Amory Lovins, Hunter Lovins, and Paul Hawken (New York: Little Brown, 1999)
- *The Inner City* by Thomas Boston and Catherine Ross (New Brunswick: Transaction Publishers, 1997)
- J. Gregory Dees, Jed Emerson, Peter Economy: *Enterprising Non Profits*. Wiley. 2001

## Additional Resources:

- Southern Center for Non-profit Management: [www.cnmsocal.org](http://www.cnmsocal.org)
- Guidestar: A database of more than 700,000 non-profits: [www.guidestar.com](http://www.guidestar.com)
- The Nonprofit Quarterly: [www.tsne.org](http://www.tsne.org)
- The Chronicle of Philanthropy: [www.philanthropy.com](http://www.philanthropy.com)
- Roberts Enterprise Development Fund: This venture philanthropy fund has many resources on their website, including their recently published report on Social Return on Investment: [www.redf.org](http://www.redf.org)
- Kellogg Foundation's report on "Unleashing New Resources and Entrepreneurship for the Common Good. A Scan, Synthesis, and Scenario for Action." [www.wkkf.org/Documents/PhilVol/UnleashingEntrepreneurship/unleashingsummary.asp](http://www.wkkf.org/Documents/PhilVol/UnleashingEntrepreneurship/unleashingsummary.asp)
- Venture Philanthropy Partners [www.venturephilanthropypartners.org](http://www.venturephilanthropypartners.org)
- Wet Feet Press - The Wet Feet Press Guide to Social Entrepreneurship [www.wetfeet.com](http://www.wetfeet.com)

- The Foundation Center - Locations in Washington, DC, New York. (800) 424-9836. A great resource for the non-profit sector. [www.fdncenter.org](http://www.fdncenter.org)
- The Independent Sector - (202) 223-8100. A membership organization representing many of the largest and most prestigious non profits, foundations and companies in the country. They conduct research, provide information and lobby on behalf of the entire sector, promoting giving and volunteering. A good source for facts, figures and trends. [www.indepsec.org](http://www.indepsec.org)
- Community Wealth Ventures - This resource highlights entrepreneurial strategies non-profits have employed to generate resources to support their missions. Topics such as nonprofit/for-profit partnerships, cause related marketing, social entrepreneurship, venture philanthropy and nonprofit business ventures. [www.communitywealth.org](http://www.communitywealth.org)
- Ashoka - Ashoka's mission is to develop social entrepreneurship around the world. [ashoka.org](http://ashoka.org)
- EchoingGreen.org - a non-profit foundation that offers Fellowships to individuals from over 135 institutions. The Fellowship applies a venture capital approach to philanthropy by providing seed money and technical support to emerging societal entrepreneurs creating innovative public service organizations or projects that seek to catalyze positive social change. [www.echoinggreen.org](http://www.echoinggreen.org)
- The Business Enterprise Trust - seeks to identify and celebrate exemplary acts of socially concerned business leadership. (415) 321-5100. [www.betrust.org](http://www.betrust.org)
- The National Center for Social Entrepreneurs - is a nonprofit organization founded in 1985, and the International Center for Social Entrepreneurs is a wholly owned subsidiary. The mission of both organizations is to encourage entrepreneurship throughout the non-profit sector and to help individual non-profits think and act in an entrepreneurial manner. [www.socialentrepreneurs.org](http://www.socialentrepreneurs.org)
- Net Impact – a network of emerging business leaders committed to using the power of business to create a better world. They have network chapters at MBA schools around the country. [www.netimpact.org](http://www.netimpact.org).
- Social Venture Network – founded 11 years ago, the Social Venture Network has advanced the movement for social responsibility in business and the creation of a more just, humane and sustainable society. [www.svn.org](http://www.svn.org)

- Business for Social Responsibility – a member based organization of 1400 companies trying to practice social responsibility including Nike, Kodak and Ben and Jerry's. [www.bsr.org](http://www.bsr.org)
- Investors Circle – The Investors' Circle is a nonprofit organization whose members are private equity investors (angles) committed to supporting the development and growth of companies commercializing products or services that meet social or environmental needs. [www.icircle.org](http://www.icircle.org)
- Social Venture Business Plan Competition - [haas.berkeley.edu/groups/socialventure/home.html](http://haas.berkeley.edu/groups/socialventure/home.html)

**TEAM MEMBER EVALUATION FORM**  
**(to be submitted on the last day of class)**

Team Name:

Your Name:

Team Member's Name (Please print)	% Effort  (Min 0%, Max 100%)

***DO NOT RATE YOURSELF***

*NOTE: Each team member, other than yourself, should be assigned a percent effort score between 0% and 100%. The % effort column will therefore NOT add up to 100*