

Social Entrepreneurship in the United States: The Pursuit of Impact and Change in an Ever-Changing World

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MODERATOR: I turn now to Jill Kickul, [who] is going to tell us about social entrepreneurship in the United States and the pursuit of impact and change in an ever-changing world. Over to you, Jill.

JILL KICKUL: Yeah, thank you. I'm delighted to be here in my second favorite city in the world. I want to really extend my thanks to all of you in the organizing committee, too. I know what it feels like—we're right in the throws of doing our Seventh Annual Satter Conference on Social Entrepreneurship, and I know it's a lot of work to throw everything together. So, you guys have done a phenomenal job.

So I'm going to talk today a little bit about what at Stern and New York University some of the things we're involved in, in social entrepreneurship, and really what we're doing kind of outside and also inside the classroom to better educate, better train our aspiring social entrepreneurs.

So at Stern, we are—just to kind of give you a little bit of a context—we are just steps away from Wall Street, and where the students who come into our program are primarily interested in investment banking, consulting; and, usually, social enterprise—kind of the thought, the idea of, you know, making the world a better place, making a change—is sometimes an afterthought. What we've seen probably in the last couple years, though, is really this transition of students who want to come into a business school, to a school like Stern, that is so finance-oriented and economically oriented, to really say, “What can I do actually with my career? I've had maybe four or five years of, let's say, work experience, and coming into a new school, what can I do actually? What are my outcomes of my education? How can I use kind of my own skills, my business training, to really make, you know, a difference in my career, but then also make a difference in society, in families?” And so we really, I mean, in terms of—I'll talk a little bit in terms of **our philosophy of taking a very blended-value approach—looking both at society, but also looking at the business and the economic perspective on it.**

So, I thought I'd throw this kind of funny slide up here, but it's: “We've shown that doing good can bring success; I think we'd do even better by injecting a little *evil*.” So that's in a *business* school, we're—we're trying to actually blend both what the social cause is all about and the social impact that we have, and of course the economic value that we create.

So, to give you kind of an idea, Jed Emerson, twenty years ago—he's been in the field of social impact, investing, and really the philanthropy world for quite some time—and I love this quote by him: if you go to his website “blendedvalue.org,” he says, **“There is an idea that values are divided between the financial and the societal, but this is fundamentally wrong to view how we create value. Value is whole. The world is not divided into corporate bad guys and social heroes.”** And I think there has been, probably—you know, the field of social entrepreneurship has been evolving probably in the last ten years. And probably in the last maybe couple years, we're really seeing a lot of different players and a lot of different academics getting into the field—from economics, from strategy, from philosophy, really much all over the place. And we're really seeing, you know, an emergence of really both, you know, the economic, as I would say, as I mentioned before, but also, really, in terms of what we're doing, on the societal level—what we're trying to do there. And so there really isn't—I don't think there is a difference. And we'll talk a little bit about—I'll talk a little bit about what we do at Stern in terms of identifying what that social value creation is all about.

In the United States, when we look at social enterprise, we define that as for-profit and non-profit organizations. And when we talk about social entrepreneurship—I think there's something like twenty-five definitions of social entrepreneurship out there, but the one that I like the best is by Bill Drayton, and he says, **“Social entrepreneurship is about finding innovative solutions to the world's most pressing problems.”** And it blends both kind of the social, the environmental, but also the economic impact—the double, or the triple bottom line.

We look a lot at—at New York University and at Stern—we look a lot in terms of also the **investment**, but also the **impact**. So we're also looking at social—what I mean is **social return on investment**, and how we measure that and how we assess it. We're also looking at **sustainability**—of course, sustainability in its natural way, but also in terms of its financial sustainability, kind of across new ventures that we want to create. And basically we're also looking at, not necessarily, you know, in the New York region all the time; we're looking regionally, we're looking in global linkages, and what we're doing **internationally**. And I'll mention a little bit what we do inside the classroom that brings us beyond just New York City and some work that we've done internationally. So we're looking at both, you know—**it's the mind, it's the heart, it's the wallet that really blend everything together.**

The global rise of social entrepreneurship—kind of four different areas that we've seen probably in the last few years. Incredible in terms of our awareness of what the **international wealth disparity** is around the country—around the world, in terms of—we have about two billion people living on—at least two billion people living on one dollar a day. And that's not much. And we're very aware in terms of, not only from what was happening in the **CSR movement**, you know, twenty years ago, and what's happening today with what organizations are doing, but also just a greater awareness with what's happening in the **social media**, what is happening in terms of what people are saying, people are identifying, people on Facebook, people on Twitter—they're talking about **problems that are all around the world**. And it gives it a bigger landscape, a bigger scope in terms of our understanding of really what is happening out there, and how other countries are reacting, and the types of problems that they have—problems in education, problems in health care, problems in renewable energy, the environment, and so forth. So, I think there's a greater awareness in terms of what is going on out there in the world.

And then also the idea with **social entrepreneurs**. Entrepreneurs are the ones that kind of come in and create the opportunities, identify the problems. Social entrepreneurs, sure, identify the problems, but they also identify all the market failures that are out there, all the government failures that are out there; and those failures leave a gap in terms of where the social entrepreneur can really find the opportunity, and really find a solution that's innovative, scalable and sustainable over time.

So when we look at, in terms of, some of things that we've seen in the space so far, everything on the y-axis on visibility; everything that we've seen in terms of maturity; of course, everything that we've been identifying and we've been researching at the bottom of the pyramid, at the base of the pyramid; everything from Fair Trade to the local food movement; independent media; the green movement; the lifestyles of the health and the sustainability (that's LOHAS); electric cars that are out there; things with the environment; microfinance, for sure—what Mohammed Yunus and the Grameen Bank for so many years have been leaders in; clean tech, a lot of investment—we've seen the United States going towards clean tech; in fact, most of the social responsibility investing, probably at least 80%, is actually focused within the clean tech, from what we see; organic food, and what have you. So, see where it's triggered, and then actually see where, you know, some of these ideas and really some of these solutions, over time, has really, you know, gained maturity, kind of throughout the space. And I'm sure there's going to be more and more, as the field evolves, of what we see out there.

Why is social entrepreneurship important to you? I mean, I ask this with my students all the time, at Stern; and, you know, they—a number of different comments in terms of why they think, you know, “I'm just not coming to business school to get a business education,” but a greater awareness in terms of “what I'm actually going to be doing with my career and the tools that I have to be able to make a difference.” So it's shifting the emphasis, sure. Not necessarily always thinking of the single bottom line, but also looking at in terms of: What is the benefit? What is the *value*? And that *true value*, which Jed Emerson was talking about—what is that value? How do we do—how do we create that?

Also: **reducing the need for charity**. We talk a lot about in terms of **building business models and social entrepreneurial models** that are around sustainability—financial sustainability; and away from just purely philanthropic donations and what have you. That's fine sometimes in the very beginning, but is it sustainable over time? And can we learn to have an **earned-income approach**? We run a business plan competition ever year, and on a traditional side we award \$75,000 for the winner; on a social side, [which] tells where the importance is, we award \$100,000 for the—and the criteria that they have to have is that you cannot rely on donations over time; you really have to find a very scalable, sustainable business model to go forward with.

Also: engaging people, of course, to take responsibility; leading to sustainable improvements; moving towards, also, more privatization of public services; and also engaging more in a very business, economic, strategic approach over time. So these are some of the things why—what our students actually say about social entrepreneurship.

As university educators, as professors in the area, of course it matters because we always find new opportunities in terms of what we do in our outreach and how we—how we teach our students. We look at **new models for opportunities**, and also **innovation**; so we take a very

blended-value approach. We look at new models of sustainability and of course development that's out there, new models for how we scale our businesses and how we assess and measure our impact that we're having within our communities, and then all of this leads to new opportunities of what we do in terms of teaching and learning. **We research what we don't know; we teach what we know.** And I think there's a lot in the field of social entrepreneurship—and I think where we're seeing a lot of the movement—is that, getting more professors, getting more academics, more practitioners, thought leaders into the field trying to understand this phenomenon, trying to understand what makes social—what motivates social entrepreneurs, but also what makes them grow.

So we look at our blended value approach very much in terms of—if you look on the left-hand side—very much pearly and philanthropic—you know, you're thinking of non-profits; the appeal to the good will—they're very much mission driven, very social value creation (that's on that side). But if you look at the commercial—very traditional entrepreneurship, looking at self-interests, and market-driven economic value creation. What we're doing is looking right in the middle in terms of: **How do we balance both mission and also the market?** And then how do we create that whole value all together?

And you can look at it in terms of also the motives, the methods, and also the goals that we look at in a hybrid of this. And, again, looking at the sustainability, the destination of the income and the profit; looking at mission activities or operational expenses that are all—it's reinvested or retained, for sure, for the business growth and development. So we look at a lot of these different areas here and really try to, in a blended-learning also approach, you know, bring those all together.

And also if you look at it in terms of just across a, you know, hybrid spectrum—in terms of the mission motive and the profit-making motive, looking at both stakeholder accountability for traditional non-profits, but then also looking at shareholder accountability for your traditional for-profit, **we're certainly looking at how we can blend that together in both a sustainability strategy that makes sense for both the non-profits and the for-profits.** So, the idea of doing well by doing good, but then also on the non-profit side looking at how do we build commercial methods basically to support, you know, our social initiatives and programs that are out there. So we do look for an equilibrium, again, and **bringing together the social heroes and the corporate bad guys into one area.**

This is just an example of one of our business plan competition winners a couple years ago, in Malagasy. They are in Madagascar, in Africa, and they were—they spent—before they came to the MBA school, they were in the peace work for a number of years in Madagascar; and they identified a problem in terms of, you know, just the poverty level there. And they came up with an idea—they loved chocolate—and they come up with an idea of how do you help the community there—they went back actually after their MBA—and how do they use kind of their business skills and some of their business training to really help that environment. And it wasn't exactly where they were just, you know, taking the cocoa beans out of Madagascar; they wanted to find a way of how do we actually, within the community itself, build the infrastructure, build the technology, build the skills, and build the training and education around—so it's actually there, and you do all the training, and the people there can actually sustain on themselves. So it's basically, they do all the chocolate there in Madagascar—I should have brought some! It's one of the only chocolates made in all of Africa, and, in terms of impact and the value that it creates, that whole creation—four times more income than fair trade. So it's phenomenal what they're doing, and they've just started a couple years ago.

We look also at, not only the blended value, of course; we look at impact—we're pretty passionate about impact. We—our conference on the practitioner side is all around **measuring social impact**. So we look at everything in terms of on the business perspective—these are the things in traditional entrepreneurship we always look at: business activity and, you know, the innovation itself; the creation of products and services; of course, the creation of jobs, taxes, skills and training, and what have you. But looking at from that business activity: Where do we have our direct impacts? Our indirect impacts? But really, at the end of the day, where are we in terms of developing society and solving some of the problems in terms of—and I mentioned before—poverty alleviation, and everything else that goes in terms of education, social stability, public health, human rights, governance, environmental sustainability? All of these things we want to take much more of a broader, developmental perspective and contribution about what we do with our business activities, and how we have an impact.

We look at—this is kind of a quite relatively new work we were engaged with McKenzie, and then also with the foundation center—and looking at all of the different approaches of how you member social impact. We identified 150 different approaches that organizations, foundations, social enterprises are using, and how they look at social impact. And we need to define what it exactly is. **So it's very holistic in the sense that we look at both the economic, we look at social, we look at cultural, environmental also political conditions.** We look at the actions, we look at the interests, we look at the behaviors that are the outcomes of some of the work that we do, and we look at it in terms of three levels: at the individual, at the communities and families, and then, of course, at the society level.

We can also look at it in terms of, on the academic side, **what we do in the classroom**. If we want to try to measure and assess our social impact about what we do in the classroom, not only traditional entrepreneurship, but also, of course, social entrepreneurship, looking at it in terms of the resources that we give our students, what they come in, in terms of what they know about organizations, what they know about people, what they know about identifying opportunity and exploiting some of those opportunities—so we look at those resources. But we also look at in terms of what we teach—so the content, in terms of the activities and the operating—I'll call it the operating model—is everything that, you know, we—we, in our social entrepreneurship course, we have the students write a business plan. So it's everything about: How do we distill everything that we know and put it into the classroom framework about how do you build a vision? How do you build your mission? What is your strategy? What's your marketing plan? Competition, team, gross strategy—how do you measure and assess your results? What is your financial plan? So these are all of the things that we incorporate. But at the end of the day, I mean it's—what we really want to aspire to get to is to look at what are the **outputs**, probably the very short-term outputs, of what we want to aspire our social entrepreneurs and innovators. And maybe some that, you know, even after doing a business plan, they decide not to embark, and that's—that's learning in itself. But then also, you know, in terms of long-term—where do they launch? Where do they go? Entrepreneurship activities—so any corporate activities that are involved. And overall, just, where do they have in terms of, if we look at the cycle of the individuals, the communities and society level, where are we having the greatest impact? And how do we do that? And that takes—it does take time in terms of looking at impact, but we can right now, in terms of what we're doing in the classroom, measure some of those outputs, and measure them, you know, one, two, three years, even in the Malagasy example, of really what they're doing, and the type of influence they're having around the world.

We also look at in terms of—we have—at NYU-Stern, our program is seven years old in social entrepreneurship and innovation. We have **eighteen courses in social entrepreneurship and innovation**. And everything in terms of—we put a spotlight on everything from the very traditional corporate responsibility and ethics, and diversity, but then going into environmental sustainability, social venturing, social venture capital, non-profit management—so a whole array of—of courses, suite of courses that we offer. So that just kind of gives you, on the right-hand side, many of the different courses that we—we have involved.

It is **across the University** in the sense that we have relationships with our Wagner School of Public Service, with our school of social work, with our liberal arts and sciences—students can cross-list, and they can—they can take many of our classes. And it really—it adds to the richness and the depth of discussion that you have within the class because our business students, yes, they're taking a business, economic framework, financial framework, but when you blend it in with some of the other schools and other leaning—other perspectives that are out there, it just—it makes kind of an eye-opening in terms of what kind of problems and opportunities on the societal level is out there.

So, just to kind of give you an idea, we did—we introduced—we've been growing fast—as I mentioned, eighteen courses. **One of the courses that we introduced last year was a recent trip to India**. And I shouldn't say that this was just, like, you know, doing business in India, where we just, you know, decided that we're going to take two weeks off and go to India. This is a course that actually goes over two semesters. We start in November, where we have a number of different courses that are out there that actually get them ramped up in terms of what's the political, what's the economic, what's the societal context of India—having them really understand the history and the background of India. And then we go on a two-week course—two-week trip to India. We work directly with social enterprises on the ground there. It's almost 24/7—when they hit the ground running, they have site visits; they have meetings with politicians; they have meetings, of course, with their social enterprise team and the management. And, it really is—in a lot of ways it's **cross-campus**, it's also **cross-university** this past year; we partnered with MIT Sloan on this too, as well. And the projects involved everything in terms of the interests of what we find with our students: micro entrepreneurship, renewable energy, microfinance, cooperative farming, even family planning, fellowship development, and also health services. So, it really blends everything in terms of what we do on the customer on the supplier, the governmental level, really looking at: How do we make scalable progress in implementing some of these solutions that some of the students come up with? They come back to Stern in—over eight weeks after that. They're heavily involved in terms of developing their projects and developing their ideas further for implementation for our social enterprises.

So, I will—because you kind of got an idea of what we were in India... And don't worry, we have enough problems in New York City that we probably could have a separate class just on social entrepreneurship—and we do. But this was something kind of taken in a global context, so—of what we're involved in.

So, a lot of support that's out there—this is kind of more US-based in terms of all the different websites that are out there, and the different conferences—up-and-coming conferences that are out there. Our **social entrepreneurship conference** is November 3rd through the 5th. We've had over a hundred—just to give you an idea of the field—how the

field is moving—we've had, last year we had 60 that were presented; this year we are at 130; so, the interest in this—in this area has more than doubled. So it's really exciting to see the new work and the new research that's out there.

So—and with that I'd also like to just mention a colleague of mine who's with me today, Louise Guido, who is the CEO, the founder of the Foundation for Social Change. And when we talk about what we sometimes—what we do outside the classroom, and the involvement that we have with practitioners and thought leaders like Louise, it just brings, just another, you know, valued approach to what—to what we do and how we educate our future, aspiring social entrepreneurs.

(Applause)

MODERATOR: Thank you, Jill, for this description of the clinical approach and pragmatic approach of social problems through business techniques, and also the important social impacts that you're creating through your school and your students.