Understanding Social Enterprise:
Make Any Career Better By Doing Good

New York University
Spring 2014
Adjunct Associate Professor: Andrew Greenblatt, JD
ag162@nyu.edu or 212-231-9721
Fridays 9:00 AM – 11:30 AM
Office Hours Immediately After Class and By Appointment

Course Description:
This class offers an introduction to the field social entrepreneurship and the tools and tactics used by social ventures. The course begins by exploring different definitions of social entrepreneurship and the goals of this growing field. We then investigate how these ventures operate in different sectors (Mature Markets, Failed Markets, etc.). During these weeks we illuminate the different attributes social ventures must have to have an advantage depending on the competitive landscape in which they operate. During the second half of the class we cut across the sectors we investigated in the first half to find common threads including: capital raising, ethical questions, and applications of the principles of social ventures within existing large corporations. Students should leave the course with a working knowledge of the range of social ventures and the common components they need to succeed.

Learning Objectives for the Course:
The course begins with an introduction to the concept of Social Entrepreneurship and we will attempt to define the term, at least as we will use it this semester, on the first day.

The rest of the course is divided into two sections. The first looks at how the ideas and tactics of social entrepreneurs are deployed in different settings. For example, in a mature market the need the venture is meeting is already being met by other enterprises. Yet Ben & Jerry’s found a way to give their company deep meaning and purpose beyond simply delivering a quality product to their customers. In failed market settings, like banking in poor neighborhoods, simply delivering the service at an affordable cost achieves a social goal. We will learn what tactics are appropriate for which markets and try to identify competitive advantages social entrepreneurs can use to be successful in these different settings.
The second section looks at common issues faced by all social ventures including legal questions, ethical concerns, and the challenges of raising capital.

**Course Requirements:**

Attendance at all classes, given our limited time together, is essential: if you must be absent, **let me know in advance**. Grading is as follows: Reading responses (10%), class participation (15%); midterm exam (30%) and a final paper (30%) and presentation (15%). Detailed grading information for the final paper and in-class presentation will be provided.

We’re a small group and we’ll hold regular class-wide conversations; please arrive in class prepared to discuss readings and case studies. We will have some wonderful guest speakers; please arrives at those classes ready with questions, issues, etc.

**Reading Responses:**

Keep up with assigned readings and turn in **one reading response each week**. Reading responses should be one page long and consist of **your response to the discussion questions posed on your syllabus**. I encourage you to **quote the text** to support your argument. RRs must be typed, double-spaced, in 12 point type. RRs should be turned in via NYUClasses on **Wednesday evening by 6:00 PM** and should address the reading for that week. We will provide feedback and a grade at the beginning of class so that you can **use your response as a basis for discussion in class**. No late responses will be accepted. Grades for the reading responses will impact your final grade as follows: a “√-” will lead to a lower final grade. A “√” will not affect your final grade up or down, and a “√+” will raise your final grade. Please be sure to turn in the required RRs on the assigned reading on Wednesday evening for which they are due. Failure to meet this deadline will result in a 0 for this assignment.

**Late Assignment Policy:**

Extensions on the final paper and presentation will be granted only in case of emergency, out of respect to those who abide by deadlines despite equally hectic schedules. Late submissions without extensions will be penalized ½ letter grade per day (B+ to B, e.g.)

**Students with disabilities:**

Any students requiring accommodations should contact me to make proper arrangements. Please be prepared to share your documentation from the NYU disabilities office regarding appropriate accommodations.
Bio for Prof. Greenblatt:

Andrew Greenblatt is a Co-Founder and Senior Vice President for Strategy at BeneStream, a social venture looking to get millions of Americans access to Food Stamps and other government benefits. Prior to that he was the Founder and CEO of Vendorboon, a company that offers discounts to trade and professional associations and their members for a variety of vendors with a special emphasis on socially responsible vendors. Until January of 2010, Andrew Greenblatt was the Director of Products and Innovation at Criterion Ventures where he worked with philanthropists, foundations, non-profit organizations, and entrepreneurs to plan and execute social ventures. Andrew joined Criterion in 2007 after selling Pride Diamonds, LLC, a socially responsible diamond mining company operating in Sierra Leone that he co-founded. He currently sits on the Board of Directors of the acquiring company, Target Resources Plc.

Before Pride Diamonds, Andrew helped launch and then directed TrueMajority.org, an online activist group. Prior to that he worked as the Director of Business Strategy for Oven Digital, a web design company and as Media Director for Business Leaders for Sensible Priorities.

In the mid-90’s Andrew launched a human rights project called Focus on Justice using the internet. A little ahead of its time, Focus On Justice posted on the internet video that was shot in Kenya at the sites of recent human rights abuses.

Andrew was the Executive Director of Common Cause/NY from 1993-1997.

Andrew is a cum laude graduate of Harvard Law School and graduated summa cum laude from SUNY Albany with a B.A in Political Science. He moved to New York City “for a couple of years” in 1993 and still lives there with his wife and two children.

Contact Information:

212-231-9721 (office)

ag162@nyu.edu
Required Texts:
A single binder is available at the University Bookstore.

Please also purchase from the bookstore:

- Double Dip by Ben Cohen and Jerry Greenfield
- Out of Poverty by Paul Polak.
- Social Entrepreneurship: What Everyone Needs to Know by David Bornstein and Susan Davis

Other assignments are available online and links are provided in the syllabus.

<table>
<thead>
<tr>
<th>Part I: What is Social Entrepreneurship?</th>
</tr>
</thead>
</table>
### Week 1: Defining Social Entrepreneurship

We begin our work together by examining where social entrepreneurship comes from. We will look at earlier tactics used to affect social change and compare them to social enterprise.

We will also attempt to define social entrepreneurship. Different academics and practitioners view different activities as either “in” or “out”. We will need to come to a common agreement for the purposes of the class.

We will also discuss the structure of the class. During the semester each of you will be responsible for studying in depth a social venture and preparing a final paper and presentation. You will need to have much of your research done by the middle of the semester.


Then read the short selection from Rules for Radicals by Saul Alinsky in your binder. Alinsky pioneered many of the activist techniques we take for granted today. See how his tactics for social change differ from Martin and Osberg.

Also read Part I.”Defining Social Entrepreneurship” from Social Entrepreneurship: What Everyone Needs to Know pages 1-47.

Also, fill out your one page personal info sheet and attach/photocopy a picture or your NYU ID onto it and bring a printed copy to class.

**Questions for Reading Response:**

1. Compare Bornstein & Davis’s definition of Social Entrepreneurship with Martin and Osberg’s definition of Social Entrepreneurship.

2. What would Alinsky think about social entrepreneurship as a way to make change?
### Mature Markets

This week we will look at social ventures that arise in Mature Markets where the proffered good or service is already widely available. We will see why a company might want to enter into an already crowded field and what competitive advantages being a social venture might bring.

To prepare for class: Read *Double Dip* by Ben Cohen and Jerry Greenfield.

**Questions for Reading Response:**

What are some ways being what Ben Cohen calls “values led businesses” can be a competitive advantage for a company? Provide examples from the reading to support your case.
### Week 3

**Mature Markets (Continued)**

At the end of week 2 you were broken up into small groups and asked to do some research on a common consumer product. Your group will need to come prepared to describe a business model (not a full blown business plan) for a socially responsible business that takes this common product or service and turns the company making it into a social venture. You will need to research how your product is produced and marketed before you get to class.

Your key challenge will be to find competitive advantages in a market where most efficiencies have already been realized. Can doing good really make you more likely to succeed?

**There is no Reading Response due this week.**
Week 4  Non-Profits/Government

Non-profits have been launching social ventures for decades. But as budgets are shrinking and demands are growing, traditional non-profits are looking for ways to launch sustainable social ventures. These sustainable ventures can simply be arms of existing non-profits that generate revenue that can then be diverted to mission OR the venture itself may help achieve that mission. We will investigate these two poles and see what the challenges and advantages are of each.

We will also see what unique competitive advantages non-profits can bring to the market that may allow them to succeed where traditional for-profits have failed.

Governments have a different role to play, usually by funding non-profits through grants and contracts and by creating policies that encourage Social Entrepreneurship.

1. To prepare for class read “The Limits of Social Enterprise” by the Seedco Policy Center. You can find it here: www.seedco.org/download/?id=10

Questions for Reading Response:

What are some of the risks and opportunities are available to non-profits as they look for newer sustainable models?
Week 5  

Failed Markets – International

Social enterprises in Failed Market face different challenges. Here the problem isn’t competition, but dealing with external forces that have kept a needed product or service from gaining a foothold. Often the competitive advantage needed is a technological or distribution chain innovation.

To prepare for class: View a lecture before the World Bank by Jeffrey Sachs in which he discusses his book *The End of Poverty: Economic Possibilities for Our Time*. The lecture can be found here: [http://www.c-spanvideo.org/program/186034-1](http://www.c-spanvideo.org/program/186034-1)

Then read *Out of Poverty* by Paul Polak. Polak is a strong critic of Jeffrey Sachs and his poverty alleviation strategies.

Then read “Fabio Rosa - Making the Sun Shine for All” by David Bornstein. You can find it here: [http://www.globalenvision.org/library/10/954](http://www.globalenvision.org/library/10/954)

Questions for Reading Response:

1. What competitive advantage did Polak find among the world’s poorest? How would Sachs increase the competitiveness of the world’s poorest.
**Week 6**  
**Failed Markets – United States**

This week we’ll be looking at failed markets here in the U.S. with a particular focus on banking in poor communities.

To prepare for class: Start by listening to this Planet Money report and learn how a borrower paid $10,000 in interest on an $800 loan:  
[http://www.npr.org/blogs/money/2010/05/the_tuesday_podcast_payday_len.html](http://www.npr.org/blogs/money/2010/05/the_tuesday_podcast_payday_len.html) Planet Money is produced by the economics reporters of National Public Radio.


Finally, read the “Bank on San Francisco Case Study” here:  
[http://cfed.org/knowledge_center/publications/Bank%20on%20SF%20case%20study%20electronic%20version%20FINAL.pdf](http://cfed.org/knowledge_center/publications/Bank%20on%20SF%20case%20study%20electronic%20version%20FINAL.pdf)

At the end of the previous week I handed out a homework assignment where you had to find out what it costs to borrow $100. Bring that in completed.

**Questions for Reading Response:**

In some neighborhoods there are as many banks as Starbucks while in others you can’t find a bank for miles. In these neighborhoods high cost check cashing and payday lenders have filled the void. Can banks profitably fill this void? Are check cashing facilities providing a public service, or exploiting the poor?
Social Entrepreneurs Within Large Institutions

Social ventures are often cash strapped and have trouble scaling. This week we will investigate whether large existing institutions whose core mission is not social in nature can still be harnessed to create social change. We will delve into a case study in which a traditional for-profit corporation set out to impact the way their industry operates while still maintaining the company’s position as the most profitable diamond retailer on earth. We will see if adding some of the ideas pioneered in the social enterprise realm have helped or hurt their bottom line.

Case Study: Tiffany and Co. Diamond Cutting Operation


Also, read the short selection in your binders from Collapse: How Societies Choose to Fail or Succeed by Jared Diamond.

Finally, read “Broken Vows”, a report by global witness on the diamond trade. Note that this report is over a decade old and should be read as an historical document and not the current state of the industry. You can find a link to download the PDF here: http://www.globalwitness.org/library/broken-vows-diamond-jewellery-retailers-fall-short-conflict-diamond-pledge. The report is a bit long. You can skim the sections where they discuss survey results for companies other than Tiffany & Co.

Questions for Reading Response:

Can the principles pioneered in social ventures thrive within the bureaucracies needed to make large organizations efficient? Alternatively, are large institutions the perfect vehicles for social change projects to quickly get to scale? Use examples to support your case.

Mid-Term

At the end of Week 7 I will distribute a take home mid-term exam due 24 hours later. It should take approximately 3 hours to complete, so plan accordingly.

Part II. Social Entrepreneurship: Common Lessons Across Sectors
**Week 8**

**Ethics**

Most religious traditions frown on wealth and what it takes to become wealthy. But social entrepreneurs claim you can do good and do well.

To prepare for class this week: Read the chapter from *The Kabbalah of Money* by Nilton Bonder in your binders. And read “Rambam’s Ladder of Tzedakah” in your binders.

**Reading Response:**

Prepare an outline of the ethical issues the social venture you are studying is facing, have faced, or may face. Draw examples from the reading to determine your own perspective on these ethical issues.

Also, look at the ancient writings of your religious tradition (or those of your ancestors) and find an example of a social venture.

---

**Week 9**

**Legal Structures**

Traditional American law draws a stark division between ventures dedicated to making money (for-profits) and those designed to create social change (not-for-profits). This divide has caused numerous problems for the field of social enterprise. This week we will discuss some of these problems and recent legislative attempts to address them.

To prepare for class read the New York State Benefit Corporation Act in your binders along with the supporting testimony and Memorandum of Support.

**Questions for Reading Response:**

Outline the legal structure of the social venture you are studying for your semester long project.
Week 10  |  Capital Markets

Social entrepreneurs have been constrained by a lack of access to capital. Modern capital markets have grown driven by the underlying principal that the fiduciary duty of the officers taking on the investment is to maximize the return to the investor. As ventures whose mission is to serve multiple stakeholders have arisen and a new class of “social investors” looking to have a greater impact with their money capital markets have struggled to respond. This week we will investigate ways the markets have reacted by creating useful standards and intermediaries in an attempt to drive out inefficiencies and raise accountability.


Finally read Also read “How do Social Entrepreneurs Finance Organizations and Enterprises” from Social Entrepreneurship: What Everyone Needs to Know pages 50-57.

Reading Response this week.

Social enterprise is the hot new thing. But why is there a thousand times more money invested in traditional for-profit ventures than social ventures.
We’ll do an exercise in which half the class will be asked to brainstorm the case for investing in a model social venture. The other half will play the role of investor. Then the sides will change as we examine a second model venture. You will each be given the background materials at the end of week 9 for your venture. You will do this work in class in small groups.

To prepare for class this week: Read over the materials you were given for your venture and be prepared to brainstorm a pitch to investors with your group.

There is no reading response for this week.
Week 12

Corporate Social Responsibility

One of the greatest impacts social entrepreneurship is having is on changing the daily workings of established companies. The rise of the green/sustainability movement is one reflection of this. We'll look at the impact social ventures are having, and should be having, on the rest of economic activity.

Guest Speaker: Bari Pearlman, Founder of BTG Productions (www.btgproductions.com). Through her work as a documentary film-maker, Bari explores the question of what makes people choose who and what they identify with, what the implications are of their having that identity, and how they navigate that choice.

The first half of this class will be a Q&A with the CEO of Walmart (OK, I'll play the CEO of Walmart, but I'm pretty convincing.) Be sure to have questions ready.


Read Wal-mart’s 2009 (Yeah, 2009) Global Sustainability Report Executive Summary at http://walmartstores.com/download/3835.pdf. Think about why the CEO in his introductory remarks goes out of his way to say this isn’t corporate social responsibility. Then read the summary from the Human Rights Watch report “Discounting Rights” about Wal-Mart’s anti-union activity. You can find it here: http://www.hrw.org/sites/default/files/reports/us0507webwcover.pdf. The report is 210 pages, you are only responsible for the summary at the beginning of the report. Think about how this report can be about the same company that put out the Global Sustainability report you just read.

Questions for Reading Response:

What responsibilities do companies have to their stockholders vs. other stakeholders? Is being socially responsible just good business? What about when it isn’t?

Weeks 13 and 14

Student presentations

The last two weeks will be spent with students presenting group reports about the social ventures they have been studying in depth during the semester. Students will work in groups of five teasing out a few common lessons they learned studying their ventures. Groups will be created around common themes, such as social enterprises in mature markets or failed international markets.

Students will also be required to do individual presentations to their groups and the Professor.