En-tre-pre-neur, n.:  

N YU's professor Paul C. Light is a respected thinker and writer on the subject of social entrepreneurship. I admire his work and look forward to its continuation. That said, I must take issue with his article, "Reshaping Social Entrepreneurship" (SSIR, vol. 4, no. 3, p. 46). While I agree with his assertion that social entrepreneurship is one of the most misunderstood terms in the social sector, the argument he goes on to make, I believe, will only add to the misunderstanding.

In his article, Light presents a broadened definition of social entrepreneur, writing, "A social entrepreneur is an individual, group, network, organization, or alliance of organizations that seeks sustainable, large-scale change through pattern-breaking ideas. . . ."

I find this definition to be not only counterintuitive and grammatically defective, but intellectually counterproductive as well. The development of knowledge requires precise language. Light's liberties with semantics send the burgeoning and essential professional discipline we are coming to know as social entrepreneurship beyond the edge of reason.

Since the 18th century, and as far as I can determine until I read Light's article, the word entrepreneur has described a kind of person. A brief history of how the word has been used over the past three centuries, with references to the leading economists who refined that usage from time to time, can be found in a paper titled "The Meaning of Social Entrepreneurship" by J. Gregory Dees, co-founder of Stanford's Center for Social Innovation and the man sometimes referred to as the father of the study of social entrepreneurship.

The term has its roots in French and in that language is defined as one who "undertakes," as in one who undertakes a project or activity. As Dees points out by way of economists Jean-Baptiste Say, then Joseph Schumpeter, and then Peter Drucker, the word has been refined to mean one who drives the "creative-destructive" process of capitalism, one who "shifts economic resources out of an area of lower and into an area of higher productivity and greater yield" (Say); people who "reform or revolutionize the pattern of production... by exploiting an invention or an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on" (Schumpeter); and "the entrepreneur always searches for change, responds to it, and exploits it as an opportunity" (Drucker).

Many of the principles of entrepreneurship have been at play in the social sector for as long as the term entrepreneur has been in the economist's vernacular. The term social entrepreneur first began popping up around the social sector through the late '90s. The international advocacy and funding group for social entrepreneurship, Ashoka, claims to have coined the phrase.

In all applications, until Light's recent article, the word entrepreneur has referred to a person, with the word social used as a modifier to distinguish the type of value (social vs. financial) that person works to achieve.

Yes, as Light alludes, organizations can adopt a spirit of social entrepreneurship. Groups can be guided by the principles of social entrepreneurship. Networks, organizations, or alliances of organizations can seek large-scale change through pattern-breaking ideas, as do entrepreneurs; and these collectives can work to produce social value.

But this does not make the groups themselves social entrepreneurs. If it did, we would have to cook up a new term for the individuals who are first to reach beyond their grasps, the individuals for whom the initial vision of social value is clear in finite detail, who can communicate that vision in ways that enable other people to see it just as clearly, who can inspire people to form the ranks that will work to realize the vision, the individuals who get back up every time they are knocked down, who bring resources to bear where others see only bare bones, and who never quit and never lose sight of the greater good. These individuals are social entrepreneurs.

Such individuals are the genesis of good social change—the people upon whom our future depends. These are the individuals we must nurture and empower with a precisely articulated, actionable professional discipline, so that they can effectively lead the movements that make the world a better place for all of us.

I applaud the work of Paul Light and the many other academicians and social sector leaders advancing their thinking beyond the definition stage, concentrating on the vigorous application of a social entrepreneurship discipline.

The best way to define social entrepreneurship is by example—to practice, polish, and promote its principles and thereby demonstrate its value.

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Paul C. Light’s article makes many excellent points. However, Light’s description of Ashoka’s definition of “social entrepreneur” is inaccurate. The Ashoka Fellow selection criteria do, in fact, include many of his suggestions. For example, very few candidates are going to pass Ashoka’s “Entrepreneurial Quality” criterion or its bottom-line test of actual structural social change if they are not going to build an institution and they do not recognize the “jujitsu” leverage points needed to flip the larger institutions of society’s behavior. From the first interview onward, Ashoka is looking to see whether or not the individual is an institutional architect and builder.

Light also highlights the importance of weighing the idea as heavily as the person. One of Ashoka’s four criteria, “The Social Impact of the New Idea,” does just that. We ask nominators, selection panelists, and others involved in the selection process to imagine that the entrepreneur disappears once the idea is demonstrated in one place: “Will workers in this field see the idea as sufficiently new, practical, and attractive that they will want to adopt it? Does the idea have legs and, if so, how many people will be affected, how importantly, and how beneficially?”

Ashoka recognizes more than just the individual. We support “pattern-changing new ideas, the social entrepreneurs behind them, and the institutions needed to support both.” Once a fellow is elected, Ashoka provides for his or her needs at each stage of the social entrepreneur’s life cycle. When the Ashoka community cannot provide this help internally, our strategic partners, including Hill & Knowlton and McKinsey & Company, step in. However, Ashoka’s definition does differ from Mr. Light’s.

Ashoka believes that institutional and citizen sector success does require the long-term commitment and leadership of a single entrepreneur. Within the academic paradigm of having an idea and then implementing it, it is easy to suggest, as Light does, that it may be appropriate to have a manager take over at the implementation or management stage. Ashoka feels that this is a profound misunderstanding of the nature of entrepreneurship. It is appropriate to have a manager come in to run a franchise or manage the 13th department store in a chain, implementing a formula. A little tweak here or there will make the difference in the business’s margin. But that is not what fundamental entrepreneurship is about.

The entrepreneur’s work is never done. The entrepreneur’s life is one of constant interactive problem solving. The idea evolves as it moves into different stages, and the entrepreneur learns as the surrounding world changes. If you remove the entrepreneur, the idea will eventually collapse. So very few of the Fortune 500 companies from several decades ago still make the list or even exist, precisely because managers took over. Consider Apple’s history.

Entrepreneurs capable of making profound pattern changes are rare and have a well-understood and strikingly coherent, consistent life history. After a long apprenticeship in established institutions, there comes a time when an entrepreneur is no longer able to grow or move his or her ideas ahead. In most cases, he or she must build new institutions to serve an idea that cuts across the old organizational lines, thought patterns, and disciplines. At that point, and often for decades to come, the entrepreneur needs the kind of support that Ashoka and its sister institutions, such as Skoll and Acumen, provide.

Leading social entrepreneurs are remarkable. They are doing something enormously important and difficult—something that, in many ways, is critical for society and, in its nature, demands much of an entrepreneur’s life. These strong and often lonely human beings require and deserve our long-term understanding, loyalty, and respect. Existing institutions are not able to make such judgments or operate on this timescale. This is one of the key reasons for the recent and building wave of social entrepreneurs creating financial models for the social sector. In response, the Ashoka community has just launched its Social Investment Venture program.

Cutting-edge, large-scale entrepreneurs are rare (Ashoka finds an average of one fellow per 10 million people per year) but are the chief recruiters of change makers at all levels. Their ideas and innovations, like earthquakes, create waves that move across sectors and geography. Social entrepreneurs will not succeed unless they can persuade local people to stand up on behalf of their ideas. (See “Everyone a Changemaker,” by Bill Drayton, in Innovations, Winter 2006.)

Of course, Light is correct when he says that Ashoka’s definition does not cover the ventures of the entire citizen sector. But, the entrepreneurs described here are utterly critical to the sector’s productivity breakthroughs and the consequent explosive growth and success we have seen over the last two and a half decades.

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1 We plead with Paul Light and other scholars to stop using the “non” terms in our field. You cannot describe half of the world’s operations by what they are not. “Citizen sector” and “citizen organization” are more appropriate terms, because the active force in the sector is citizens caring and organizing to provide a service or cause a change.

2 See www.ashoka.org/financial_services.
ight is right to note that a great many nonprofits are revived and improved by new leaders who, as nonfounders, are not characterized as social entrepreneurs. Nonetheless, notwithstanding the importance of such work, it may still be appropriate not to refer to them as entrepreneurs, but as managers.

The term entrepreneur – if the analogy from the private sector holds – can well be said to apply to those who have original ideas and start new organizations through which to implement them. Light rightly insists, though, that the rhetoric, mission statements, and personality characteristics of social entrepreneurs draw undue attention at the expense of hardheaded assessment of the effectiveness of their organizations.

In the Manhattan Institute’s Social Entrepreneurship Award program, we seek to recognize those who not only have original ideas, but can demonstrate effectiveness. It’s worth noting that these ideas need not reflect a mission as a “change agent” if that’s interpreted to imply a political agenda. Some missions, such as educating and uplifting the poor, seem always to be with us; it may be that we need original ways to fulfill these recurring missions, but we should avoid believing that only large-scale change in our political and economic systems will make success possible.

Indeed, at the Manhattan Institute, we have excluded advocacy from our criteria for social entrepreneurship, insisting, instead, that the provision of tangible services be the *sine qua non* of the field. In keeping with our emphasis on originality of approach, we exclude those who build organizations around government contracts as well. The questions of how to assess effectiveness, whether advocacy should be considered social entrepreneurship, and whether enterprises developed in response to public sector responsible for-profits truly qualify as entrepreneurial are all worth asking as the field of social entrepreneurship matures from slogan to substance.

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On the other hand, the two obviously see the enormous power of individual entrepreneurs in sparking social change. Drayton also offers a particularly passionate definition of entrepreneurs as strong but vulnerable and often lonely human beings who require and deserve our long-term understanding, and he argues that there is just one entrepreneur per 10 million citizens per year. John Zurick offers an equally compelling definition of social entrepreneurs as the individuals who get back up every time they are knocked down, who bring resources to bear where others see only bare bones, who never quit and never lose sight of the greater good.

In both their agreements and disagreements, Drayton and Husock present three challenges that must be addressed as the conversation about social entrepreneurship continues.

First, the field must decide whether its primary goal is to increase the number of social entrepreneurs or the amount of socially entrepreneurial activity. Do we wish to find more individual start-from-scratch entrepreneurs or stimulate more activity wherever it might occur, including within existing organizations? The two are obviously related. Entrepreneurs engage in socially entrepreneurial activity, and socially entrepreneurial activity engages entrepreneurs.

But one can easily argue, as I do, that the socially entrepreneurial idea and incentives for action can come first. It can also be sparked by more than individuals, not the least of which are existing organizations that are activated for change. Teams, units, whole organizations, and communities must be part of the definition. They may not start entirely new organizations, but they can start socially entrepreneurial activity. Zurick offers an important clarification about the use of terms that I will embrace, but socially entrepreneurial activity can surely come from many sources, individual and collective.

Second, the field must decide what to do about management. Managers play a particularly important role in converting broad concepts in actual operations, and in converting visions into reality. Socially entrepreneurial activity rarely suffers from a lack of heart, but often falls to a lack of careful attention to the managerial details that drive success.

Moreover, management is central to creating organizational commitment to the mission, which Drayton rightly argues is essential to sustaining an idea after the founder leaves. Leaders who are not managers rarely succeed, just as managers who are not leaders often fail.

Third, the field must decide whether more social entrepreneurs can be activated without the years of frustrating apprenticeship that Drayton finds in the life stories of his entrepreneurs. This is certainly what we believe at New York University’s Robert F. Wagner School of Public Service, which runs the
Catherine B. Reynolds Graduate Fellowship and Undergraduate Scholarship programs on behalf of the university.

The Reynolds effort is based on the belief that social entrepreneurs can be identified early in their career and given the skills to engage in socially entrepreneurial activity as soon as possible. Some graduates will start their own "social benefit organizations," others will work in existing organizations already on the socially entrepreneurial path or about to begin the journey, and still others will create groups of civic change agents to engage whole communities.

These three issues challenge all of us to ask whether an existing team, unit, organization, or community can become socially entrepreneurial, and, if so, how it can be converted into an engine of social entrepreneurship. I believe the answer is definitely "yes."

I also believe that any of these actors can produce at least some socially entrepreneurial activity at least once, particularly if they follow Drayton's rules. The real trick, however, is to produce socially entrepreneurial activity twice, thrice, and more — that is, to make socially entrepreneurial activity a regular part of a whole or part of an entity's mission. I think doing so requires visionary leaders. But I also believe that successful socially entrepreneurial entities must create and sustain a socially entrepreneurial culture, which involves managerial strategies that visionary social entrepreneurs sometimes ignore.

If this culture can be created in the thousands of already existing platforms, the odds of creating socially entrepreneurial activity will surely rise from just one per 10 million. Just imagine what the world would look like if it did.

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Tithing, Take Two

Claude Rosenberg and Tim Stone’s article, “A New Take on Tithing” (SSIR, vol. 4, no. 3, p. 22), contained some useful ideas for social sector organizations and donors on the advantages of giving early (and presumably often) and having an individualized plan. However, as a social entrepreneur and founder of a philanthropically funded company, EnviroFit, I was disappointed by several aspects of the article.

First, under the heading “Why People Don’t Give More,” the authors assert that there are a number of factors contributing to donors’ “illogical thinking,” but they don’t mention any studies to back them up.

Second, the authors define social classes that don’t mirror the America in which I live. In their world, the middle class earn household incomes less than $200,000 and hold assets under $335,000. Wow! A quick check of the U.S. Census shows the median income in this country is $46,300. The authors then use their supposed “middle class” to derive a giving rate, which is then supposed to shame the “superrich” into giving more. Shame is not the best way to motivate more giving.

Third, what is the reason supporting the “call” for an asset-based formula? Is it only because it produces a larger giving rate, supporting the authors’ claim that the affluent should give more? Why do people hold assets, or donate to a charity, or buy a new Hummer? Insight into such decisions could help inform fundraising strategies and perhaps help organizations frame new approaches to our donor community.

In short, I don’t think these donors are illogical; they just don’t give in accordance with the authors’ redistributive view of the world. Charity should be driven by a desire to give, not to satisfy the self-righteous sense of entitlement that seems to underlie this article. While the authors profess to seek to move philanthropy from “reactive obligation” to “proactive passion,” they need to remember that charity is a choice. Leaders in the social sector need to build organizations that give donors a reason to become passionate supporters, and confidence that their funds will be used effectively.

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Eds. — Hudnut’s comments are his own, and don’t represent the views of any organization with which he is affiliated.

Board Harmony

I read with interest “What Business Execs Don’t Know — but Should — About Nonprofits” (SSIR, vol. 4, no. 2, p. 36) by Les Silverman and Lynn Taliento. After a successful business career, during part of which I was a CEO at a major metals company, I retired early and was then asked to act as the executive director of the Buffalo Philharmonic Orchestra. I hadn’t been a board member, just an appreciative concertgoer. The orchestra was weeks from closing. I functioned as the full-time volunteer executive director for three years, and I’m widely credited with its turnaround.

My experience coincides with the authors’ in terms of the quality of the management staff I encountered. It was in this department that my business executive friends usually left their talents behind.