Social Entrepreneurship for the 21st Century: 
Innovation Across the Nonprofit, Private and Public Sectors

Instructor: Georgia Levenson Keohane
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TA: TBD

Offered: EMBA Elective, Fall 2021

DRAFT Syllabus

In less than a generation, we have witnessed a tectonic shift in the way people think about—and work toward—social change. The groundswell of new activism—social entrepreneurship—is manifest across society as innovative change makers test new solutions to entrenched social, economic, and environmental problems. This course is designed for students who are interested in understanding and participating in social entrepreneurship, whether they pursue careers (or avocations) in the nonprofit, private or public sectors.

The course gives an overview of the field, with in depth examples and case studies of innovative change makers and organizations in the nonprofit, private and public sectors that illuminate the traits and tools of the new activism: a heightened emphasis on measurement and evaluation; an embrace of competition in a number of forms, including the design and implementation of market based instruments like prizes and challenges; the development of ‘laboratories’ to foster social innovations which can then be brought to scale; experiments with technology as a vehicle for social change; a new thinking about asset management and investment, the nature of social value and returns, and the sources of capital available to address chronic social problems through impact and responsible investing; the renewed commitment to an equity lens in all of this work. The course also explores the opportunities and tensions inherent in cross-sector work: the definition of public goods, the respective roles that philanthropy, government and commercial actors play in providing them, and the innovations that occur when partnerships form across the sectors.

Classes will combine lectures, discussions, and presentations by some of today’s most innovative social entrepreneurs. Each session, designed as a seminar, will be guided by three basic questions:

1. What is the entrenched problem—either market or government failure— that the social entrepreneur is trying to address?
2. What is the innovation: how is this problem being addressed in a new, different or more effective way?
3. Is it working? What are the advantages, and risks, associated with this approach?
Connection with the Core Curriculum

The learning in this course will utilize, build on and extend concepts covered in the following core courses:

<table>
<thead>
<tr>
<th>Core Course</th>
<th>Connection with Core</th>
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| Corporate Finance            | 1. Time value of money  
|                              | 2. Incremental cost/benefit                                                          |
| Decision Models              | 1. Use of analysis in decision-making  
|                              | 2. Fundamental concepts of decision-making  
|                              | 3. Decision making under uncertainty and risk                                          |
| Financial Accounting         | 1. The accounting model                                                               |
| Global Economic Environment I| 1. What is GDP and how is it measured?  
|                              | 2. Why are some countries so much richer than others?  
|                              | 3. What are the effects of fiscal policy?  
|                              | 4. What is the role of financial markets in the economy?                              |
| Leadership Development       | 1. Ethics  
|                              | 2. Decision-making                                                                   |
| Marketing Strategy           | 1. Role of marketing value creation for customers, leading to stakeholder value (owners, shareholders, employees) |
| Strategy Formulation         | 1. Linkages between values leadership and economic value creation  
|                              | 2. Behavioral and evidence-based strategy                                              |

Students will be expected to have mastered these concepts and be able to apply them in the course.
Course Organization

The course is divided into three modules:

I. **Social Entrepreneurship in the Nonprofit Sector** examines the emergence of a new kind of service provider, a new breed of philanthropic funder, and the business models each employ to advance social change;

II. **Social Impact in the Private Sector** explores the infusion of social sector values into profit-making activities from the enterprise and investor perspectives, including the emerging field of impact investing and the growing number of firms that seek to create societal or environmental benefit through commercial business;

III. **Social Innovation in the Public Sector** includes case studies of entrepreneurship within government, and the use of various policy tools and partnerships to address solutions to entrenched problems.

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<thead>
<tr>
<th>Session</th>
<th>Topic</th>
<th>Case Study</th>
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<tr>
<td>1: What is Social Entrepreneurship 9.8</td>
<td>Social Entrepreneurship in the Nonprofit Sector</td>
<td>Ashoka, Echoing Green, Neighborhood Trust, BlocPower</td>
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<tr>
<td>4: Sustainable Investing Goes Mainstream 10.6</td>
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<td>Grameen, SKS, MPesa, MKopa, The View from Financial Services, Impact Investing at Bain Capital, Just Capital</td>
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<td>5: Profits and Purpose: the Entrepreneurs 10.13</td>
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<td>B-Lab, Etsy, Greyston Bakery, Danone Wave, Towerbrook</td>
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Readings


Assessment and Grading

Students will be evaluated on the basis of:

- class participation (50%)
- written assignments: two 3-5 page write ups (50%)

Assignments:

Students will be evaluated primarily on the basis of their in class participation, much of which will draw from the two written assignments/presentations. The nature of these write-ups will be described in greater detail in the first class: each one is a 3 page write-up that focuses on the general topic of the session, followed by an in-depth examination of one case study which answers the following questions:

1. What is the entrenched problem the social entrepreneur is trying to address?
2. What is the innovation: how is this problem being addressed in a new, different or more effective way?
3. Is it working? How do we know? What are the advantages, and risks, associated with this approach?

Written Assignment for Session 1

There is a good deal of reading and material to cover for week 1. These readings are important to facilitate class discussion the first week and to lay the groundwork for subsequent weeks. The study questions for week 1 will help with preparation.

In addition, please write a one page description of an experience you have had with social change. This could be a full-time work or voluntary experience, or even an organization you have invested in or donated to. Was this organization or effort entrepreneurial? Was it innovative? Why or why not? Was this organization or effort successful in advancing social change? How do you know?
Course Schedule

SOCIAL ENTREPRENEURSHIP IN THE NONPROFIT SECTOR

Session 1: Introduction to Social Entrepreneurship (9.9)

What do we mean by social entrepreneurship, and how has it evolved in the nonprofit sector over the last generation? What can we learn from the new breed of service provider and the emergence of a new kind of philanthropy?

<table>
<thead>
<tr>
<th>What is Social Entrepreneurship (9/8)</th>
<th>A new kind of service provider</th>
<th>A new kind of funder: venture philanthropy</th>
<th>Course correction: diversity, equity and inclusion</th>
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<tr>
<td></td>
<td>Ashoka</td>
<td>New Profit Inc</td>
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<td>Echoing Green</td>
<td>Robin Hood Foundation</td>
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<td>Neighborhood Trust</td>
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<td>BlocPower</td>
<td>Centerbridge Foundation</td>
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Confirmed Speakers:

- **Donnel Baird**, ‘13, CEO *BlocPower*
- **Carrie Braddock**, ’06 Senior Managing Director, *Centerbridge Partners*
- **Cheryl Dorsey**, President, *Echoing Green*
- **Justine Zinkin**, ’02 CEO *Neighborhood Trust Financial Partners*

Questions for Class Lecture and Discussion:

1. Introduction to course, objectives, requirements, other logistics
2. Lecture/discussion of the history of social entrepreneurship in the United States
3. What is a social entrepreneur? What do we mean by innovation? business orientation?
4. What can we learn from the new breed of service provider like Ashoka, Echoing Green, City Year, or their more contemporary incarnations, BlocPower or Neighborhood Trust?
5. What is ‘venture philanthropy’ and what sets of problems are funders like New Profit, Robin Hood and Centerbridge trying to address?
6. What are some of the ‘new philanthropy’ blind spots, and how can they be corrected?

Required Reading

- **Introduction**:
- **New Breed of Service Provider**
  - *Echoing Green, Lessons Learned at its 30th Anniversary*
Bronx Apartment Owners Can Get Cleaner Efficient HVAC With No Upfront Costs
October 29th, 2019

- New Kind of Funder
  - The Robin Hood Foundation (Harvard Business School Case No. 310031-PDF-ENG)
  - Pershing Square Foundation: Lessons Learned at the Ten Year Mark
  - Centerbridge Foundation Overview

- Philanthropy: Course Corrections

**Required Viewing:**

- Justine Zinkin and Neighborhood Trust [here](#) and [here](#).
- [Bloc Power: How Do we Green America’s Inner Cities](#)

**Recommended Viewing:**

- Cheryl Dorsey, Carter McClelland, Raj Panjabi, 3 Ways to Work Toward Equity After Covid-10

**Recommend Reading:**

**Social Entrepreneurship**

- Georgia Levenson Keohane, “Ashoka: Innovators for the Public” (Stanford Graduate School of Business Case Study” SM203 February 2012)
- “City Year Enterprise” (Harvard Business School Case Study No. 9-396-196)
- Christine Wallace, “A Narrower Focus Helps City Year Win Grants and Increase Its Impact,” Chronicle of Philanthropy 4 December 2011
• David Bornstein, How to Change the World: Social Entrepreneurs and the Power of New Ideas (New York: Oxford University Press, 2004), chapters 1,2,8,18,21

**Venture Philanthropy**

• New Profit Inc.: Governing the Nonprofit Enterprise (Harvard Business School Case No. 9-100-052) (skim)
• William Meehan, Derek Kilmer, Maisie O’Flanagan, “Investing in Society: Why we need a more efficient social capital market – and how we can get there,” *Stanford Social Innovation Review* Spring 2004
• Craig C. Reigel, “Philanthropic Equity: Promising Early Returns,” *The Nonprofit Quarterly* Fall/Winter 2011
• Mathew Bishop and Michael Green, *Philanthrocapitalism* (New York: Bloomsbury, 2008)
• Michael Edwards, *Just Another Emperor: The Myths and Realities of Philanthrocapitalism* (New York: Demos, 2008)

**Philanthropy Course Corrections**

• Phil Buchanan, *Giving Done Right* (New York: PublicAffairs 2019)
Session 2: Innovations in Philanthropy: Entrepreneurship to Enterprise, Activist Assets (9.22)

What is the role of philanthropy in advancing social change? What is the relationship between philanthropy and government, and philanthropy and the commercial sector? The class will explore two innovations in philanthropy:

1. the shift from entrepreneurship to enterprise
2. a more ‘activist’ approach foundation to asset management: screens, ESG and impact investing

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<tr>
<th>2: Innovations in Philanthropy</th>
<th>Entrepreneurship to Enterprise</th>
<th>Activist Assets</th>
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<td>Acumen Fund</td>
<td>F.B. Heron Foundation</td>
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<td>Ford Foundation</td>
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<td>Rockefeller Brothers Fund</td>
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Confirmed Speakers:

- Clara Miller, President Emerita, Heron Foundation
- Valerie Rockefeller, Chair of the Board of Trustees, Rockefeller Brothers Fund
- Roy Swan, Head of Mission Investments, Ford Foundation

Questions for Class Lecture and Discussion:

1. What, historically, has been the role of philanthropy, and how has that changed over time? How does American philanthropy compare to that in other countries?
2. What is mission related investing? Program related investing?
3. What is the difference between screens, ESG and impact investing?
4. Should foundations engage in impact investing?

Required Reading

- Introduction
  - Keohane, chapters 5-8
- From Entrepreneurship to Enterprise
  - Acumen Fund: Making the Impossible Possible: The Acumen Fund at 15 Years
- Activist Assets
  - “The World has Changed and so Must We” (Heron Foundation):
  - Clara Miller, Building a Foundation for the 21st Century (skim)
  - Clara Miller, “Arriving at 100% for Mission,” SSIR 7 March 2017
  - Nathan Cummings Foundation commits 100% of endowment to mission aligned investing Alliance Magazine 5 April 2018.
  - John Leland, The Man with the $13 Billion Checkbook” New York Times 12 July 2019


o Roy Swan, Christine Looney, Darren Walker, “Scaling Capital for Good: How the Ford Foundation is Leveraging its Endowment to Finance More Social Good than Ever Before, (Links to an external site.)” Economist


o Rockefeller Brothers Fund, Investing in Our Mission: a Five Year Case Study of Fossil Fuel Divestment at the Rockefeller Brothers Fund May 2020

o RBF Case Study: Investors can Pursue Impact Without Sacrificing Returns


Recommended Reading

Prizes and Challenges

- Thomas Kalil, “Prizes for Technological Innovation,” The Hamilton Project, Brookings Institution (December 2006)
- Jonathan Bays, “And the Winner Is...Capturing the Promise of Philanthropic Prizes,” McKinsey and Company 2010 (full report here):

Activist Assets

- Mission Investors Exchange: definitions of MRIs, PRIs and Frequently Asked Questions about Program Related Investments
- Mission Accomplished: How the Heron Foundation Went All In, Forbes 30 March 2017
- Big League: Transforming the Capital Markets with Impact Rigor and Disclosure Impact Alpha September 28th 2017
- Clara Miller on The Looking Glass World of Nonprofit Money: Managing in For-Profits' Shadow Universe (Links to an external site.) Nonprofit Quarterly 12 June 2017.
- William M. Dietel, “Mission Stewardship” The F.B. Heron Foundation
• Program-Related Investments: Leveraging Our Resources to Catalyze Broader Support for Our Mission (Gates Foundation)

Entrepreneurship to Enterprise

• “Can Venture Capital Save the World?” Forbes 30 November 2011
SOCIAL IMPACT IN THE PRIVATE SECTOR

Session 3: Impact Investing: The VC Perspective (9.29)

What is impact investing, and what are investors hoping to achieve?

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<td>Impact Investing Venture Capital</td>
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<td>MPesa + MKopa</td>
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<td>The Social Entrepreneurs’ Fund</td>
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<td>Driver</td>
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Confirmed Speakers:

- Liz Luckett, Managing Partner, The Social Entrepreneurs’ Fund
- Frederick Hutson, CEO, Pigeonly
- Rashid Galadanci, CEO, Driver

Questions for Class Lecture and Discussion:

1. What is impact investing?
2. How is it different from the fields of socially responsible investing (SRI), ESG investing, or stakeholder capitalism? How does impact investing in emerging markets differ from the US?
3. What are investors looking to accomplish through impact investments? How is this defined and measured?
4. Are there limits to this approach?
5. How has COVID-19 affected the impact investing landscape?
6. What do investors like The Social Entrepreneurs’ Fund tell us about impact investing?

Required Reading

- Introduction
  - Keohane SE21, chapter 9-13, 20
  - Keohane Capital and the Common Good (hereafter C&CG) Introduction
  - Keohane, Why Stakeholder Capitalism is a Good Bet in Times of Crisis
  - George Serafeim, “Making Sustainability Count: How to Improve Environmental, Social and Governance (ESG) Performance” HBR September 2020
  - GIIN 2020 Annual Impact Investing Survey (Skim)
  - Calculating the Value of Impact Investing HBR January 2019
  - Omidyar Network, Investing Across the Returns Continuum: SSIR Fall 2016

- Microfinance Evolution
  - Keohane C&CG chapter 3

- Impact Investing Venture Capital
- Look at the website of The Social Entrepreneurs’ Fund.
- Liz Luckett, “Small Data for Big Impact,” SSIR 16 February 2018
- “Frederick Hutson’s Success Story is a Masterclass in Perseverance,” International Business Times 30 August 2020.
- Skim, if interested, case studies on Canvas on: Bridges, Impact America Fund, DBL Partners

**Recommended Reading**

- **Case Foundation: a Short Guide to Impact Investing**
- World Economic Forum, “From the Margins to the Mainstream: Assessment of the Impact Investment Sector and Opportunities to Engage Mainstream Investors,” Executive Summary

**MicroFinance Evolution**

- Jeffrey A. Harris, “It Took a Village” Columbia CaseWorks No. 090331 December 7 2010
- “SKS Microfinance: The Sour Taste of Success” Ivey School of Business W12906 4/20/12
- Stephanie Strom, “Rich IPO Brings Controversy to SKS Microfinance, New York Times 7/29/10
Session 4: Sustainability Goes Mainstream (10/6)

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<th>4: Sustainable Investing Goes Mainstream</th>
<th>The View from Financial Services</th>
<th>Sustainable Finance at Goldman Sachs Impact Investing at Bain Capital</th>
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<tr>
<td>Corporate Responsibility 2020</td>
<td>Just Capital</td>
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Confirmed Speakers:

- John Goldstein, Head of Sustainable Finance Group, Goldman Sachs
- Greg Shell, Managing Director, Bain Capital Double Impact
- Martin Whittaker, CEO, Just Capital

Questions for Discussion:

1. What do ‘sustainability’ and ‘impact’ mean in the context of mainstream capital markets and financial institutions?
3. How is this similar to and different from the perspective of impact VCs like The Social Entrepreneurs Fund and the companies TSEF invests in?
4. Glass Half Empty or Half Full: What is the impact of COVID-19 on the sustainability and responsibility commitments of investors and companies?

**Required Reading**

- Keohane, *Why Stakeholder Capitalism is a Good Bet in Times of Crisis*
- Just Capital, “*Have Business Roundtable Companies Really Underperformed on Stakeholder Promises this Year?*” Just Capital 23 September 2020
- *COVID-19 and Inequality: a Test of Corporate Purpose* TCP and KKS Advisors September 2020 (skim)
- *Business Roundtable Redefines the Purpose of the Corporation to Promote ‘An Economy that Serves All Americans’* 19 August 2019
- *Davis Manifesto 2020: The Universal Purpose of a Company in the Fourth Industrial Revolution* 2 December 2019
- Larry Fink *CEO Letter: a Fundamental Reshaping of Finance*, 2020
- Sustainable Finance at Goldman Sachs *overview.*
• “Goldman Sachs: Making an Imprint in Impact Investing” HBS Case Study 218069 3 April 2018 (skim)
• Just Capital Rankings
• Just Report A Year After the Business Roundtable Redefined the Purpose of a Corporation, Americans see Progress but Opportunity for Treating Workers Better August 18 2020
• Bain Capital Double Impact Year in Review May 2020
• Karen Toulon, “Bain Capital’s Greg Shell is Investing to Help Improve the World,” Bloomberg 29 July 2020
• Morgan Stanley, “Sustainable Finance’s Era of Innovation,” Institute for Sustainable Investing October 28, 2019
Session 5: Profits and Purpose: the Entrepreneurs (10.13)

What does it take to launch and grow a social purpose company?

<table>
<thead>
<tr>
<th>Profits and Purpose: the Entrepreneurs</th>
<th>Launching and Sustaining a Social Purpose Venture</th>
<th>B-Lab</th>
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<td>Greyston Bakery</td>
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<td>Danone Wave</td>
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<td>Towerbrook</td>
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Confirmed Speakers:

- Joseph D. Kenner, CEO, Greyston Bakery
- Abrielle Rosenthal, Managing Director, Towerbrook
- Holly Ensign-Barstow, Director of Policy, B Lab
- Lorna Davis, former CEO, Danone Wave, B Corp Global Ambassador

Questions for Class Lecture and Discussion:

1. What is B-Lab’s Innovation? What has it done to advance the field in the U.S.?
2. What is a B Corp?
3. What are the advantages and risks for social purpose businesses in the U.S.? For being a B Corp?
5. What does being a B Corp have to do with their models?

Required Reading

- Keohane SE21 Chapter 12
- “B-Lab Building a New Sector of the Economy,” HBS Case Study (Canvas, skim)
- Etsy made Mistakes, but its Commitment to Social Responsibility Wasn’t One of Them] Quartz 5 December 2017.
- “This New York Bakery Thrives by Hiring Anyone who Wants to Work, No Questions Asked,” Entrepreneur 18 August 2017
- Will Louch, TowerBrook is First Buyout Firm to Earn Ethical Business Certification,” Wall Street Journal 8 February 2019.
- McKenna Moore, “The B Corp Movement is Accelerating During the Pandemic,” Fortune 7 July 2020

Required Viewing

- “Why B Corps Matter” video
- The Bakery that Gave an Ex-Inmate a Second Chance video
- Lorna Davis A Guide to Collaborative Leadership Ted Talk video
Recommended Reading

- B Lab and the Impact Assessment Evolution
- “Why Kickstarter Decided to Radically Transform its Business Model” Fast Company 4/12/17
- “The Barbarians are at Etsy’s Hand-Hewn Responsibly Sourced Gates,” Bloomberg 5/18/17
- James Surowiecki, “Companies with Benefits” New Yorker 4 August 2014
- “Firms with Benefits” The Economist 7 January 2012
- Jessica Bruder, “For ‘B Corps’ a New Corporate Structure and a Triple Bottom Line,” NYT 3/14/12
SOCIAL INNOVATION IN THE PUBLIC SECTOR

Session 6: Public Private Partnerships: Building Back Better (10/20)

What do we mean by social innovation in the public sector? How does social entrepreneurship in government draw on the work of its private (nonprofit and commercial) sector counterparts? How can public policy promote innovation, social and otherwise?

How can government harness private resources – energy and capital – to bear on public problems? How can social entrepreneurs from across the nonprofit, private and public sectors, engage in the collaborative work of social change? In this time of national crisis and rebuilding, what kinds of public private partnerships will allow us to build back better?

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<thead>
<tr>
<th>6: Social innovation in action: public private partnerships</th>
<th>Pay for Success Social Impact Bonds</th>
<th>The Community Outcomes Fund</th>
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<tr>
<td>Building Back Better</td>
<td>The Partnership for New York City</td>
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Confirmed Speakers:

- Andrea Phillips, Founder & Managing Partner, The Community Outcomes Fund
- Kathryn Wylde, President & CEO, Partnership for NYC

Questions for Class Lecture and Discussion:

1. What do we mean by ‘social innovation’ in the public sector?
2. Is there a tension between “innovation” and scaling “what works?”
3. What is a social impact bond? How does it differ from other ‘pay for success’ instruments?
4. What are public private partnerships?
5. How can cross sector collaboration help New York City and the country recover and rebuild?

Required Reading

- Introduction
  - Keohane SE21, chapters 14-16, 19, 21; Keohane C&CG chapter 5
- Pay for Success/Social Impact Bonds
  - The Community Outcomes Fund website
  - Jim Anderson and Andrea Phillips, “What We Learned from the Nation’s First Social Impact Bond,” Huffington Post 7/2/15
  - State of Play: Pay for Success and Evidence Based Policy 1 March 2018
- Building Back Better
  - The Partnership for New York City website
  - Partnership for NYC, A Call for Action and Collaboration July 2020 (summary, full report)
  - Signs of Progress September 2020
Recommended Reading

General

- **Moneyball for Government** (Disruption Books, 2014)
- “Let’s Hear Those Ideas,” The Economist 12 August 2010

Pay for Success

- **Lessons from the Field**
- **What’s Next in Pay for Success**
- Goldman Sachs, Determining the Potential of Social Impact Bonds (SIB Case I)
- “Goldman Sachs to Finance Early Education Program),” New York Times 12 June 2013
- “Bank of America Merrill Lynch Introduces Innovative Pay-for-Success Program in Partnership With New York State and Social Finance Inc.)” Wall Street Journal 30 December 2013
- Impact bonds in developing countries: early learnings from the field
Additional and Reserve Reading List

All books and other materials listed below are either on reserve in the library or will be posted to the course platform for further reading.