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**STRAMGT328:
SOCIAL VENTURES PRACTICUM**

**COURSE SYLLABUS
SPRING 2019**

Room E347

1. COURSE PERSPECTIVE

The social sector is a large, growing, diverse, and dynamic part of our economy and society - from four to ten percent of economic activity in the United States by various measures. In this last decade or so, organizations labeled social enterprises or ventures and impact investors have emerged in the social sector landscape. Social ventures are at least, in part, mission-driven.

This course is designed to provide students with an opportunity to develop, test, and refine an idea for a new social venture in the format of a workshop. We will explore in-depth the elements of a successful social venture. This will be achieved through brief lectures by the instructors on the topics at hand and class-time in which students will be able to develop their ideas and benefit from guidance and feedback from the instructors and their classmates. Our point of view will be that of the students as the founder(s) of the new social venture. We will cover some of the distinctive aspects of social ventures, including mission and impact measurement, as well as gain exposure to emerging social venture/enterprise models. We will highlight throughout some of the similarities and differences between the social and business sectors and build on the frameworks you have learned and are learning in your core courses.

2. COURSE OBJECTIVES

The main objective of this course is to provide a workshop setting that allows you to develop and refine your idea for a new social venture and determine whether it has the essential requirements for success. Best case, upon completing this class you will possess an excellent, well-developed, well-articulated idea and foundation for a successful social venture. Second best case, you will complete the class having learned a great deal about social ventures and gathered enough feedback and analysis to confidently conclude that your particular idea should not be pursued at this point in time.

Additional objectives of this course are:

- To introduce you to the social sector
- To develop an understanding of how the frameworks and concepts of strategy and entrepreneurial studies apply to social ventures
- To familiarize you with some of the unique management issues faced by social entrepreneurs
- To reinforce an integrative/critical analytical thinking/leadership/general management perspective
- To focus your attention on your oral and written communications

3. REQUIRED READING

The textbook for this course is Meehan, William. F. III and Jonker, Kim Starkey. (2017), *Engine of Impact: Essentials of Strategic Leadership in the Nonprofit Sector*. Stanford, CA: Stanford University Press. Stanford University Press

The required reading is included in the syllabus and is all posted on Canvas.

4. CONCEPTUAL FRAMEWORK FOR THE COURSE

The sessions of this course are designed to introduce you to the core elements of successful social ventures.

The overall framework of the course is structured around seven themes:

- **Mission.** What are the attributes of an effective mission? How should your social venture that is inherently mission-driven develop its strategy to reflect that mission?
- **Target population/needs analysis/value proposition.** How should you identify and define your target population? How should you scope the unmet needs that your social venture will address? What is your social venture's value proposition to its target customers?
- **Market research and market sizing.** How should you size your market and conduct market segmentation? What are the forces affecting your venture that should inform your evaluation of market context? How should you conduct your venture's competitive analysis?
- **Theory of change, impact, measurement/evaluation.** What is your social venture's theory of change? Where in the value chain will your organization have impact and how can your social venture maximize that impact? How should you measure/evaluate your venture's impact?
- **Business model.** What are possible revenue streams for your social venture and which would be the most favorable to pursue? What is the preliminary unit economic analysis for your social venture? What is the appropriate structure for your venture (for-profit, nonprofit or hybrid)?
- **Go to market and channels.** What is the stakeholder analysis for your social venture? What will be your distribution channels and partners? What will be your social venture's go-to-market strategy?
- **Funding and 'making the ask.'** What kind and how much funding do you seek? Who

will be the best potential funders of your social enterprise? How will you ‘make the ask?’

In addition to lectures, class discussions, and time allotted to work on your social ventures, we will have regular guests in class (who will briefly share their experiences launching and scaling social ventures).

5. ASSIGNMENTS

The course requires preparation for each class sessions, with specific analyses due in class each week.

Due in the first class on April 10, please prepare at most 8 slides on your social venture that includes some or all of the following: need/problem/point of view, mission, target population/market size, value proposition, revenue model, top risks, current team members/what you need, and your objectives for this class. Subsequent class sessions have assignments listed on the following pages of this Syllabus.

6. GRADES

The course grade will be comprised of 50 percent class participation and 50 percent assignments.

Attendance at class meetings is critical and each unexcused absence will result in lowering your grade. An excused absence is one that is defined by the GSB, and has been agreed upon beforehand by the Professors.

- If you do miss a class, you are responsible for finding out what happened from your colleagues.
- **We will assume thorough class preparation and active class participation**, including not only reading the suggested materials but also thinking critically in order to complete the assignments. (If, for some reason, you have been unable to prepare, please tell us before class). What you say will be important but so will your verbal clarity and impact, as well as your ability to contribute to a stimulating group discussion as appropriate.
- **Oral and written communications will be important.** We value not only distinctive critical analytical rigor and insightfulness but also the clarity and impact of your writing and speaking.

7. GENERAL EXPECTATIONS

- Individuals usually get involved in the social sector because of their personal passions and values. You are taking this course as an elective because you have significant social sector leadership experience and/or you expect to in the future. As a result, we should all bring to the course the enthusiasm, energy, and commitment that are the traits of all successful social sector leaders.
- We are happy to discuss the course, your progress, or another topic of interest of yours.
- Please bring a name card to every class. Please arrive on time and stay until the end. Feel free to bring drinks but please do not bring food.
- Because the syllabus is available on Canvas, some of you will prefer to use a tablet or PC in class to refer to it. That raises the risk of students distracting themselves through other uses of that tablet or PC. We simply ask that you do not do so (unless it is appropriate research related to your social venture), nor use cellphones.
- There will generally be no breaks and we will start and end on time.
- We take the Honor Code seriously. In particular, if in your assignments you draw on sources, be they articles, books, or information provided by nonprofit or other organizations, in print form or from the Internet, it is necessary for you to attribute them, *without exception*.

Session 1: April 9

Overview of Course, Discussion of Team Projects/Ideas, and Deep-Dive on Mission

All students must attend the first class whether they are enrolled or on the waitlist and hoping to enroll.

Learning Objectives:

1. Develop course expectations and an understanding of how course will proceed.
2. Deliver/hear presentations about the social ventures in the class. Form teams.
3. Discuss the mission of social ventures. Delve deeper into the mission of your social venture.

Assignment (Due in Class):

If you are leading a social venture, prepare at most 8 slides on your social venture that includes some or all of the following:

- Need / Problem / Point of View (POV)
- Mission
- Theory of Change
- Target Population / Market Size
- Value Proposition
- Business/Revenue Model
- Major risks
- Current team members, what you need
- Your objectives for this class

Readings:

- Meehan and Jonker, *Engine of Impact: Essentials of Strategic Leadership in the Nonprofit Sector*, Chapter 1, “The Primacy of Mission”
- Bryson, John M.. “Strategic Planning for Public and Nonprofit Organizations.” Josey-Bass, July 26, 2011. pgs 102-122.

Optional Background Readings:

- Mission/Vision Worksheet.
- “Kim Jonker, William F. Meehan III. “Mission Matters Most.” Stanford Social Innovation Review February 19, 2014.
- “Curbing Mission Creep,” Stanford Social Innovation Review (See especially the page describing the 7 Components of an Effective Mission Statement).

Session 2 April 16

Target Population, Needs Analysis, Value Proposition

Learning Objectives:

1. Identify your target population.
2. Dig deeper into the problem or opportunity that you are addressing.
3. Develop a preliminary value proposition for your venture.

Assignment (Due in Class):

Target Population & Needs Analysis

- Define your target population: age, gender, geography, socio-economic status, skill/capability
- What is the size of your target population?
- What need of theirs are you addressing?
- How do you know it is a need?
- What are related needs? How are they inter-related?

Value Proposition - develop the following statement for your venture:

- For (target customers)
 - Who are dissatisfied with (the current alternative)
 - Our product is a (new product)
 - That provides (key problem-solving capability)
 - Unlike (the product alternative)

Reading:

- Business Model Generation, pages 22-25.

Optional Background Reading:

- Skok, Michael. "4 Steps To Building A Compelling Value Proposition." Forbes.com June 14, 2013.
- Value Proposition Canvas.

Class Prep Questions:

1. Do you need further research to understand the target population needs?
 - a. What are your research questions?
 - b. What data do you need?
 - c. What would be your data source?
 - d. How will you evaluate the data?
2. Stakeholder analysis
3. Root Cause analysis

Session 3 April 23

Market Research

Learning Objectives:

1. Learn about market sizing.
2. Learn about evaluating market context - the forces affecting your venture.

Assignment:

- Preliminary market segmentation and market size estimates
- Competitive analysis
 - Research alternatives/competitors who are addressing the same/similar problem for the same/similar target population.
 - Are there many?
 - What are the primary similarities or differences? (eg. geography, technology,...)
 - Pick 3 of interest
 - what is their logic model / strategy
 - evaluate their strengths and weaknesses
 - what metrics can you find on their success/impact
 - what can you learn from them?
 - if you are competitors, what is your competitive advantage?
 - if you could be collaborators, how would a partnership benefit both organizations?
 - if you can build on their success, what changes would you make to the model?
 - Why hasn't this problem been solved? eg. lack of scale, geographic differences, no good solution, no funding, market needs are changing

Readings:

- Meehan and Jonker, *Engine of Impact: Essentials of Strategic Leadership in the Nonprofit Sector*, Chapter 2, "The Few Strategic Concepts That Matter"
- "Top-Down Market Sizing." Stanford Case.
- The Startup Owner's Manual - Market Size Hypothesis.
- Business Model Generation, pp 202, 204, 206, 208.

Optional Background Reading:

- Strategic Management for Nonprofits

Class Prep Questions (From BMG Reading):

1. What market forces might affect your venture?
 - a. market issues
 - b. market segments
 - c. needs and demands
 - d. switching costs
 - e. revenue attractiveness
2. What industry forces might affect your venture?
 - a. competitors
 - b. new entrants
 - c. substitute products and services
 - d. suppliers and other value chain actors
 - e. stakeholders
3. What key trends might affect your venture?
 - a. technology
 - b. regulatory
 - c. societal and cultural trends
 - d. socioeconomic
4. What macro-economic forces might affect your venture?
 - a. global market conditions
 - b. capital markets
 - c. commodities and other resources
 - d. economic infrastructure

Session 4 April 30

Theory of Change, Impact, Measurement/Evaluation

Learning Objectives:

1. Learn about Theory of Change models. Think about your venture's TOC.
2. Learn about all the ways organizations can have impact and how to evaluate impact.
3. Revisit Mission, Needs, Value Proposition, Market Analysis, and summarize progress to date.

Assignment:

- Theory of Change Exercise
- Post your theory of change in the Discussion section of Canvas

Readings:

- Meehan and Jonker, *Engine of Impact: Essentials of Strategic Leadership in the Nonprofit Sector*, Chapter 2, “The Few Strategic Concepts That Matter”
- Meehan and Jonker, *Engine of Impact: Essentials of Strategic Leadership in the Nonprofit Sector*, Chapter 3, “Count What Counts”
- Porter: Impact in the Value Chain.
- Brest, Paul. “The Power of Theories of Change.” *Stanford Social Innovation Review* Spring 2010: pgs 47-51.
- Starr, Kevin. “How To Measure Impact.” *Mulago Foundation.org* September 15, 2014.
- Kim Jonker, William F. Meehan III. “Clear Measurement Counts.” *Stanford Social Innovation Review* March 20, 2014.

Optional Background Reading:

- “W.K. Kellogg Foundation Logic Model Development Guide.” *WK Kellogg Foundation.org* February 2, 2006.

Class Prep Questions:

1. Be prepared to discuss your theory of change.
2. Where in the value chain will your organization have impact?
3. How will you measure it?

Session 5 May 7 Presentations

Learning Objectives:

1. Synthesize your thinking to date.
2. Get feedback from class guests, teachers and other teams.

Assignment (Due in Class):

Each team should prepare slides to present to the whole class, including guests who will be attending this session. Each team will have about 10 minutes total, including Q&A/feedback, so try to keep your presentation to 5-7 minutes. Please share the slides with Kim before class on Tuesday. The initial slides should focus on

- Your most succinct and clear description of your social venture;
- Key Findings To Date;
- Key Risks, Concerns;
- Focus and Plan for going forward.
- Appendix - should include your latest draft Business Plan which should address the most salient elements from your work so far on:
 - Mission Statement
 - Market Size/Segmentation/Competitors, Trends (technology, regulatory, cultural, and socioeconomic). Market Research plan.
 - Problem/Needs/Opportunity addressed
 - Value Proposition
 - Theory of Change
 - (If you are ready, add) Preliminary thoughts about business model
 - Primary funding sources (revenue/donations from whom? for what?)
 - Primary expense categories (what will you have to spend money on, don't worry about how much yet)

Also, we have created a Mid-Point Class Survey in Canvas Quizzes. Please submit it as soon as possible. We want to make sure you are getting what you need to further your social venture and we would love to get your feedback on what we should adjust.

Class Prep Questions:

Be prepared to ask helpful, insightful questions to other teams.

Session 6 May 14

Business Model

Learning Objectives:

1. Revenue streams
2. Unit economics
3. Organization Structure

Assignment (Due in Class):

- Brainstorm at least 3 possible revenue models
 - who pays
 - current beneficiaries, previous beneficiaries, those passionate about the cause/donors, members/subscribers, government, beneficiary brokers, in-kind donors, consumer (eg. BOGO), event attendee
 - for what
 - asset, usage, subscription, lending/renting/leasing, licensing, brokerage fees, advertising, access (eg. long tail/niche, network effect,
 - NP: donation, BOGO, event (fundraising), research,...
 - how do they pay
 - who benefits
- Develop preliminary unit economic analysis
- Discuss appropriate structure for your venture - for profit, nonprofit or hybrid

Read the Following (As Appropriate for Your Venture):

- William Landes Foster, Peter Kim, Barbara Christiansen. “Ten Nonprofit Funding Models,” Stanford Social Innovation Review Spring 2009.
- Business Model Generation pp 31-32.
- “Top-Down and Bottom-Up Unit Economics: The Basics,” Stanford Case.
- Meehan and Jonker, *Engine of Impact: Essentials of Strategic Leadership in the Nonprofit Sector*, Chapter 6, “Money Matters: Funding as Essential Fuel”

Optional Background Readings:

- William Foster, Jeffrey L. Bradach. “Should Nonprofits Seek Profits?” Harvard Business Review February 2005.
- Kim Jonker. “In the Black with BRAC,” Stanford Social Innovation Review Winter 2009.
- Kevin Starr, Laura Hattendorf. “The Doer and the Payer: A Simple Approach to Scale,” Stanford Social Innovation Review.

Class Prep Questions:

1. Be prepared to discuss your potential revenue stream(s)
2. Be prepared to describe your venture’s unit economics
3. What is the appropriate structure for your venture and why?

Session 7 May 21

Go to Market and Channels

Assignment (Due in Class):

- Stakeholder analysis
- Develop preliminary distribution channels / partner hypotheses
 - who are you selling to?
 - for whom is the value proposition most compelling? and/or
 - who is easiest to reach / convince? and/or
 - who will act fastest? and/or
 - who will best influence others to buy in? and/or
 - who will be most revenue-generating/profitable to serve? and / or
 - which early customers will most help you improve your offering/organization?...
 - how can you find/reach them? directly? indirectly?
 - if directly, how do you contact them? (eg. direct sales, telemarketing, online,...) how do you structure the relationship?
 - if indirect, who can help you reach them? what's in it for them? what are the risks in the partnership? how do you structure the relationship?
- Develop a timeline for launching your venture

Optional Background Readings:

- Customer Acquisition

Session 8 May 28

Review and Prepare for Final Presentation

For the next class, rather than assign new readings or exercises, we want you to do a self-assessment of where you are with your project and what are your top priorities.

Each team should fill out this [form](#) - one per team (unless you disagree with each other). We will use the responses to guide our work with you.

We will also share the final presentation template with you.

For those of you working on your value proposition, you may find this approach more helpful:

- Osterwalder, Alexander. "Achieve Product-Market Fit with Our Brand-New Value Proposition Designer Canvas." Business Model Alchemist August 29, 2012.

Session 9 June 4

Funding & Ask

Learning Objectives:

1. Learn about funding alternatives.
2. Think about what you need and why.

Assignment (to Discuss in Class):

Prepare 3-5 slides for class, to be presented to your classmates and professors along with class guests who will be attending this session. Email your slides to Kim before class:

- Financials: Develop your financial model/analysis. Estimate the size of your ask.
- Type of funding: Define the category of funder you want to approach with your ask - venture \$, social impact \$, grant \$, crowdfunding, competitions, debt, other...
- Funders: List 3-5 firms or individuals in that category that would be good prospectives for your ask.
- Why: Prepare 3-5 key points arguing why your target funder should fund your ask.
- Risks/Next Steps: What else do you need?

Optional Readings:

- Jeffrey Cornwall, David O. Vang, Jean M. Hartman. "Entrepreneurial Financial Management: An Applied Approach," Routledge, 3 edition, October 17, 2012.
- William Landes Foster, Peter Kim, Barbara Christiansen. "Ten Nonprofit Funding Models," Stanford Social Innovation Review Spring 2009.
- Kim Jonker, William F. Meehan III, Ernie Iseminger. "Fundraising Is Fundamental (If Not Always Fun)," Stanford Social Innovation Review February 26, 2014.
- Sasha Dichter, Robert Katz, Harvey Koh, Ashish Karamchandani. "Closing the Pioneer Gap," Stanford Social Innovation Review Winter 2013.
- Peter Kim, Gail Perreault, William Foster. "Finding Your Funding Model," Stanford Social Innovation Review Fall 2011.
- John Kohler, Thane Kreiner, Jessica Sawhney. "Coordinating Impact Capital: A New Approach to Investing in Small and Growing Businesses," The Aspen Institute.org April 12, 2012.
- Antony Bugg-Levine, Bruce Kogut, Nalin Kulatilanka. "A New Approach to Funding Social Enterprises," Harvard Business Review, January-February 2012 Issue.
- "Case Studies in Funding Innovation," Deloitte University Press.
- Kevin Starr. "The Trouble with Impact Investing: P1," Stanford Social Innovation Review January 24, 2012.
- Laura Hattendorf. "The Trouble with Impact Investing: P2," Stanford Social Innovation Review April 18, 2012.
- Kevin Starr. "The Trouble with Impact Investing, P3," Stanford Social Innovation Review July 11, 2012.
- Bonny Moellenbrock, Aner Ben-Ami, Michael "Luni" Libes. "Investors' Circle: Structured Exits Workshop," Investor's Circle.
- Wendy Liu, Jennifer Aaker. "The Happiness of Giving The Time-Ask Effect," Journal of Consumer Research, Vol.35 October 2008, pgs. 543-557.

- William F. Meehan III, Kim Jonker. “The Rise of Social Capital Market Intermediaries,” Stanford Social Innovation Review Winter 2012.
- Henry A. Rosso. “Rosso on Fund-Raising Lessons from a Master’s Lifetime Experience,” Jossey-Bass; 1st edition, October 8, 1996, pgs. 41-54, pgs. 115-117.
- “Bridges Venture: Masterclass on Impact Investing Erasmus Centre for Strategic Philanthropy,” Bridges Ventures January 14, 2015.

PROFESSOR BIOS

Kim Starkey Jonker

Kim brings 25 years of expertise in equipping social sector leaders to achieve more impact. She is president and CEO of King Philanthropies and Lecturer in Management at the Stanford Graduate School of Business. Kim is co-author, with Bill Meehan, of *Engine of Impact: Essentials of Strategic Leadership in the Nonprofit Sector*. In her role overseeing King Philanthropies, Kim directs the organization's ambitious initiatives to alleviate extreme poverty by magnifying the impact of high-performing social sector leaders and organizations. *Engine of Impact* distills extensive research into what drives high performance in the social sector, providing actionable and inspiring guidance for others to learn from the sector's extraordinary, courageous leaders. Kim has contributed to host of publications, including *Forbes*, *Stanford Social Innovation Review*, *McKinsey Quarterly*, *the Chronicle of Philanthropy* and *Stanford Business*. She served as a visiting practitioner at the Stanford Center for Philanthropy and Civil Society (PACS) and has advised a wide range of philanthropists, foundations, and nonprofit organizations on topics such as strategy, impact evaluation, board governance, and organizational effectiveness. Kim was executive director of the Henry R. Kravis Prize in Nonprofit Leadership for a decade, selecting and recognizing extraordinary leaders and organizations in the nonprofit sector. Previously, Kim advised business leaders as a management consultant at McKinsey & Company.

William F. Meehan III

William is the Lafayette Partners Lecturer in Strategic Management at the Stanford University Graduate School of Business and a Director Emeritus of McKinsey & Company. He is co-author, with Kim Starkey Jonker, of *Engine of Impact: Essentials of Strategic Leadership in the Nonprofit Sector*. Bill is a sought-after writer, speaker, teacher and advisor on strategy, leadership, governance, and performance measurement for non-profit organizations and philanthropists. At Stanford, he also is a founding member of the Advisory Council of the Center on Philanthropy and Civil Society, a faculty member of the Public Management Program and the Center for Social Innovation, and a member of the Arts Advisory Council. He developed and teaches a pioneering course in frontier markets private equity and helped launch and shape the Stanford Institute for Innovation in Developing Economies (Seed). He serves on the Board of GiveDirectly, and the North American Council of Ashoka. A committed supporter of the arts and advisor to arts organizations, he is also a long-serving Board member of the San Francisco Symphony and a member of the Oregon Shakespeare Festival Endowment Board. He is a Special Advisor to and Board member of King Philanthropies. He is former Chair of the United Way of the Bay Area and Chairman-Emeritus of Guidestar. Meehan retired from McKinsey Company in December 2008 after a career of over 30 years.