

# Social Entrepreneurs



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# Introduction

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- The term *social entrepreneur* came into use during the 1960s and 1970s
- The term has grown in popularity, but many people are still unfamiliar with it
- This chapter:
  - Explains the term *social entrepreneur*
  - Discusses some funding-related issues of concern to social entrepreneurs

# What is an entrepreneur?

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- *Entrepreneur* comes from French:
  - Its literal meaning is: a person who undertakes a task
- Nowadays, most people think an entrepreneur is:
  - A person who starts a business to make money
- Actually, many entrepreneurs start a business so they can create a new product or service:
  - Their main motivation is the *creation* of the product or service
  - Making money from the creation is just a (useful) side effect

# What is a social entrepreneur?

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- A *social entrepreneur* is an entrepreneur who wants to create something of great benefit to society
- Many social entrepreneurs work on projects that have no chance of making money. Examples:
  - Telephone helplines for people who are in trouble (depression, victims of rape, child abuse, and so on)
  - Alternative forms of education for people who do not have their needs met by state-funded education
  - A soup kitchen to feed homeless people
  - Community-based healthcare
- Such social entrepreneurs face a problem: they have to find funding to carry out their work

# What is a philanthropist?

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- A philanthropist is a person (or organization) who donates money to good causes (including social entrepreneurs)
- Let's assume a philanthropist wants to give up to £1 million to “good causes”
- The philanthropist faces a problem:
  - There are tens of thousands of good causes but:
    - Not all of them are run by competent people
    - Not all of them use donations effectively
  - It is time-consuming for the philanthropist to find the “best” good causes to receive his or her donations
- How can social entrepreneurs and philanthropists find each other?

# Talent scouts

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- A *talent scout* is somebody who matches talented people with an organisation looking for such people
- Examples:
  - A record company uses talent scouts to find talented musicians who do not have a recording contract
  - A professional sports team uses talent scouts to find young talented sportspeople
- There are some variations:
  - A job recruitment agency matches job seekers with employers
  - A sports agent matches a talented sportsperson with a company that wants to use such a person to promote their products
- Could a talent scout direct philanthropists to the best social entrepreneurs?

# Ashoka

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- Ashoka ([www.ashoka.org](http://www.ashoka.org)) is a talent scout organization:
  - It obtains funding from philanthropists
  - And gives that funding to the best social entrepreneurs it can find
  - It also provides non-financial support, such as:
    - Networking with other social entrepreneurs in related fields
    - Help from professional accountancy and management consultants
- Ashoka was started in 1980 by Bill Drayton:
  - He named the organization after an ancient Indian emperor
  - It started with \$50,000 donated by Bill Drayton and some of his friends
  - As its reputation increased, it attracted donations from other philanthropists (\$30 million in 2006)
- The following book provides a great introduction to Ashoka:
  - *How to Change the World: Social Entrepreneurs and the Power of New Ideas* by David Bornstein



# Other talent scout organizations

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- You can find some other talent scout organizations:
  - In the Wikipedia entry for “social entrepreneurship”
  - By using an Internet search engine
- Each organization has its own criteria for deciding which individuals or groups to support
- Some common selection criteria:
  - The project must aim not just to help people, but to bring about change in people's lives
  - The project must aim to bring about change at a national level rather than just at a local level
  - The social entrepreneur has relevant skills and is willing to work for many years or decades on the project
- Such criteria make projects attractive to philanthropists

# Long-term funding

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- Many philanthropists and talent scout organizations:
  - Are willing to provide start-up funding
  - Are *not* willing to provide indefinite, on-going funding
- This means that a social enterprise project must:
  - Find a way to become profitable  
(the nature of many social enterprises makes this impossible)
  - Or find a different source of on-going funding
- There is no easy solution to the difficulty of finding on-going funding:
  - The final chapter of *How to Change the World* discusses some issues that may help people find a solution
  - The next slide discusses one possibility (inspired by that chapter)

# One future possibility for on-going funding

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- In a hypothetical future society:
  - Metrics are used to measure the benefits of social enterprise projects
  - The government uses some tax money to fund social enterprise projects that score well against the metrics
  
- This might work because:
  - Many small social enterprise projects spend money more effectively than larger, more bureaucratic organizations. So...
  - Money spent on, say, healthcare-related social enterprise projects may be a cost-effective way to reduce the burden on a large, inefficient national healthcare system
  - So, redirecting *some* money from government-run projects (like healthcare) to complementary social enterprise projects can save money for the government

# Funding for minority and oppressed groups

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- This slide provides some food for thought...
- Could a minority or oppressed group create its own talent scout organization?
  - Collect donations from other members of the community  
(lots of people donating £10 or £100 each can result in many thousands being raised)
  - Money raised could be channelled to strategically important projects  
(some support groups, some “let’s change the law” campaigns)
  - The success stories can be fed back to people who donated money:
    - Assures them that their money was well spent
    - Encourages them to donate more money in the future
  - Some people can donate skills instead of money  
(accountancy, legal, management, web-site design, ...)

# Summary

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- An *entrepreneur* is motivated to *create* something
  - Making money is usually a lesser motivation
- A *social entrepreneur* is an entrepreneur who wants to create something that will greatly benefit society
- Some “talent scout” organizations help philanthropists give start-up money to the best social entrepreneurs
  - But finding a source of on-going funding can be a problem
- Food for thought:
  - Perhaps an oppressed or minority group could set up its own internal “talent scout” organisation