

Social Entrepreneurship (SE)

Topic 8. Launching a Social Business

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Social Entrepreneurship

- Why Social Enterprise?
- To generate an restricted revenue
- To use an restricted revenue for advocacy) the forbidden word)
- To use revenue from social enterprise it for programs/ services that are hard to cell to donor agencies
- To create social purpose enterprises

Social Entrepreneurship

- Application of entrepreneurial attitudes to social sector:
 - Change is the norm
 - Embrace change
 - Seek change
 - Client focused
 - Shift resources from low to high productivity
 - Calculated risks
 - Create something new
 - Strive for Transparency

Introduction to Entrepreneurship

Entrepreneurship has become increasingly important for businesses of all sizes around the world.

It opens new opportunities and possibilities for the businesses to create values for themselves and for the society at large.

Despite its popularity, studies suggest that the scope of entrepreneurship remains unknown, and therefore the prospects of entrepreneurial activities remains not fully realised.

This chapter highlights some aspects concerning the concept of entrepreneur, entrepreneurship, entrepreneurial process and finally the entrepreneurship opportunities and challenges.

Introduction to Entrepreneurship

Entrepreneurs have always been present, however their behavioural patterns were different in different periods of time.



The word entrepreneur was derived from the French word “entreprendre”, which means “to undertake” (Kuratko, 2016).



The usage of the term entrepreneur can be traced from 1755, wherein an entrepreneur was described to “buy the country produce from those who bring it or to order it to be brought on their account. They pay a certain price to resell wholesale or retail at an uncertain price” (Cantillon, 1931, p.51; Hamilton & Harper, 1994)



Entrepreneur from the very beginning, was principally an independent speculator of the commodity (Hamilton & Harper, 1994)



Introduction to Entrepreneurship

In the modern day markets, the term entrepreneur has been closely linked with economic development.

An economic development can emerge due to several reasons, which includes:

- (a) the launch of new source of procurement for raw materials or materials
- (b) the introduction of a new production mechanism
- (c) the introduction of a new quality of product, or a novel product
- (d) the opening of new market
- (e) the re-organisation of a business.


The management of all these aspects are carried by an enterprise, and the people whose functions are to carry out these activities are called entrepreneurs (Bull & Willard, 1993)

Introduction to Entrepreneurship




Definition of an Entrepreneur


To date, several definitions have been penned to describe an entrepreneur. And some of them are mentioned herewith:



Entrepreneur is someone who manages all the necessary resources to produce and market a product which responds to the market scarcity (Leibenstein, 1968; Bull & Willard, 1993).



“Entrepreneurs are individuals who recognize opportunities where others see chaos contradiction, and confusion. They are aggressive catalysts for change within the marketplace” Kuratko (2016, p.3)



“Entrepreneur is the person who carries out new combinations, causing discontinuity. The role is completed when the function is completed. The person may be an employee with an existing organisation or may start a new venture. An investor per se only risks capital for a return.” Bull & Willard (1993, p. 186)

Characteristics of an Entrepreneur

The main characteristics of the entrepreneur are due to their sociological and psychological factors. Some of those characteristics are mentioned below:

Entrepreneurs are vision-oriented people

Entrepreneurs have a high need in achievement

Entrepreneurs do not rely on fate or luck, however they try to control their own lives

Entrepreneurs undertake moderate risks, which is why they look for high earning on their investments

Entrepreneurs have the abilities to deal with several ambiguous situations in their ventures. They face these ambiguous situations and circumstances regularly because they do certain jobs and tasks which are entirely new by nature.


Entrepreneurs have the tendency to be productive and efficient with in a given period of time. However, at times, they might be seen as inflexible individuals in team-work.

Traits of an Entrepreneur

Some of the common traits of entrepreneurs are :

- Risk takers
- Flexible
- Knowledgeable
- Independent
- Energetic
- Creative
- Dynamic leader
- Responsive to suggestions or criticisms
- Resourceful
- Initiators
- Persistent

Description of Entrepreneurship



Entrepreneurship is an “act of establishing a new venture” Christensen et al, (2000, p.4)

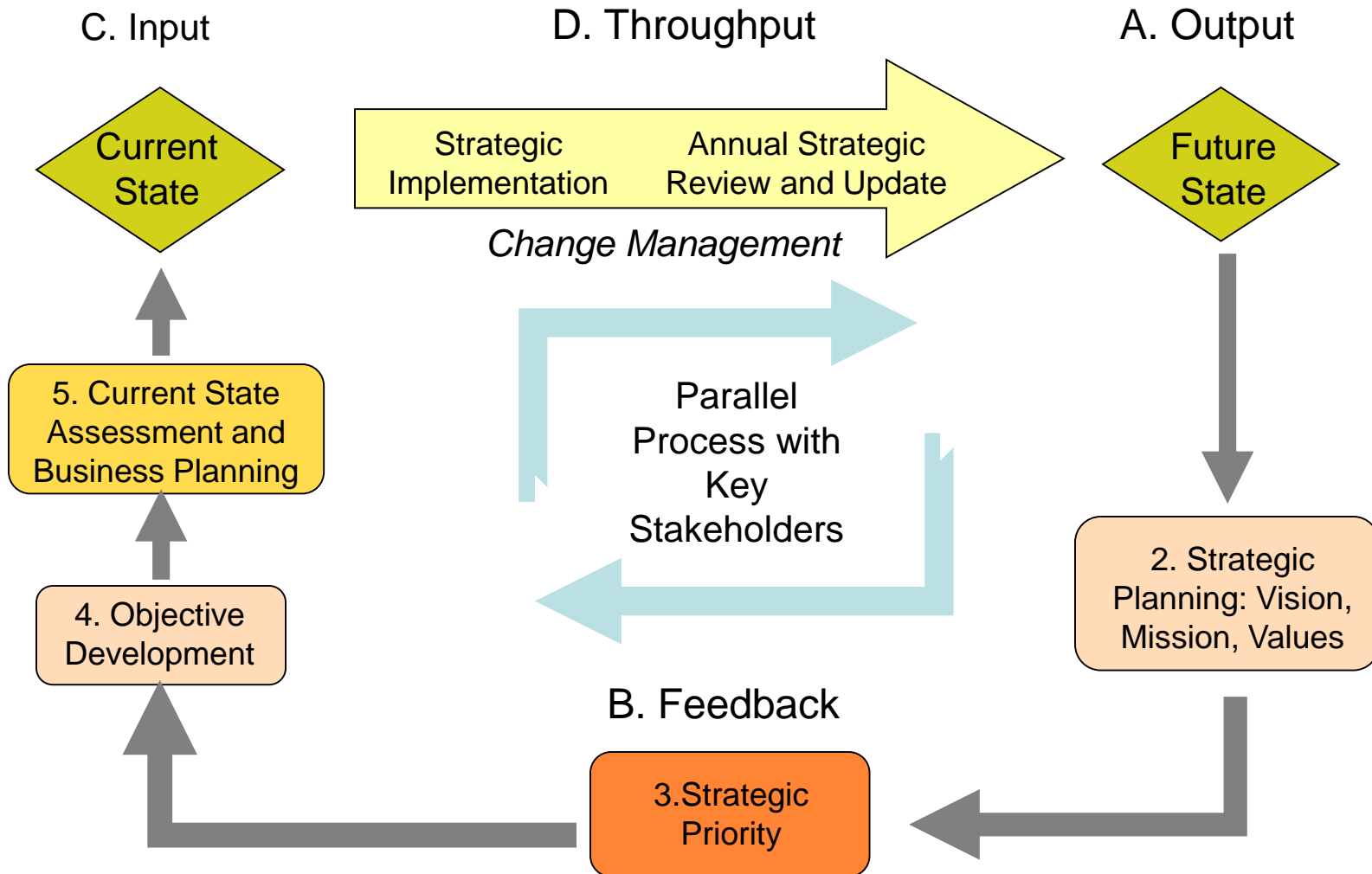
Entrepreneurship can also be considered as the function through which growth and development can be achieved without commencing a new business venture. It offers a process by which people either inside the companies or on their own, look for prospects without regard to the resources they presently control (Stevenson et al, 1989; Stevenson & Jarillo, 1990).

However, “an entrepreneurial organisation is that which pursues opportunity, regardless of resources currently controlled” Stevenson & Jarillo (1990, p.23).

Definition of Entrepreneurship

“Entrepreneurship is the creation of organisations. What differentiates entrepreneurs from non-entrepreneurs is that entrepreneurs create organisation, while non-entrepreneurs do not. In behavioural approaches to the study of entrepreneurship, an entrepreneur is seen as a set of activities involved in organisation creation, while in trait approaches an entrepreneur is a set of personality traits and characteristics” Gartner (1988, p.11)

Strategic Management Overview



Mapping the Future

Ideal Future Vision

- Formulate dreams that are worth believing in & fighting for by meeting 3 challenges.

Challenge #1. Vision Statement

Challenge #2. Mission Statement

Challenge #3. Core Values

Ideal Future Vision

Answer all or any of the following questions:

What will put you out of business?

What is your ultimate vision of success?

What is your ideal community vision?

Answers may be - end of homelessness, hunger etc.

Mission

What is your organization's part in achieving the vision?

What do we produce?

Who do we serve?

How do we do it?

Values

What do board members & employees stand for & embrace?

What are the rules?

May include integrity, transparency, entrepreneurship, innovation etc

Strategic Priority Development

Balanced Score Card Format

Consider organizational success from more than one perspective, for example:

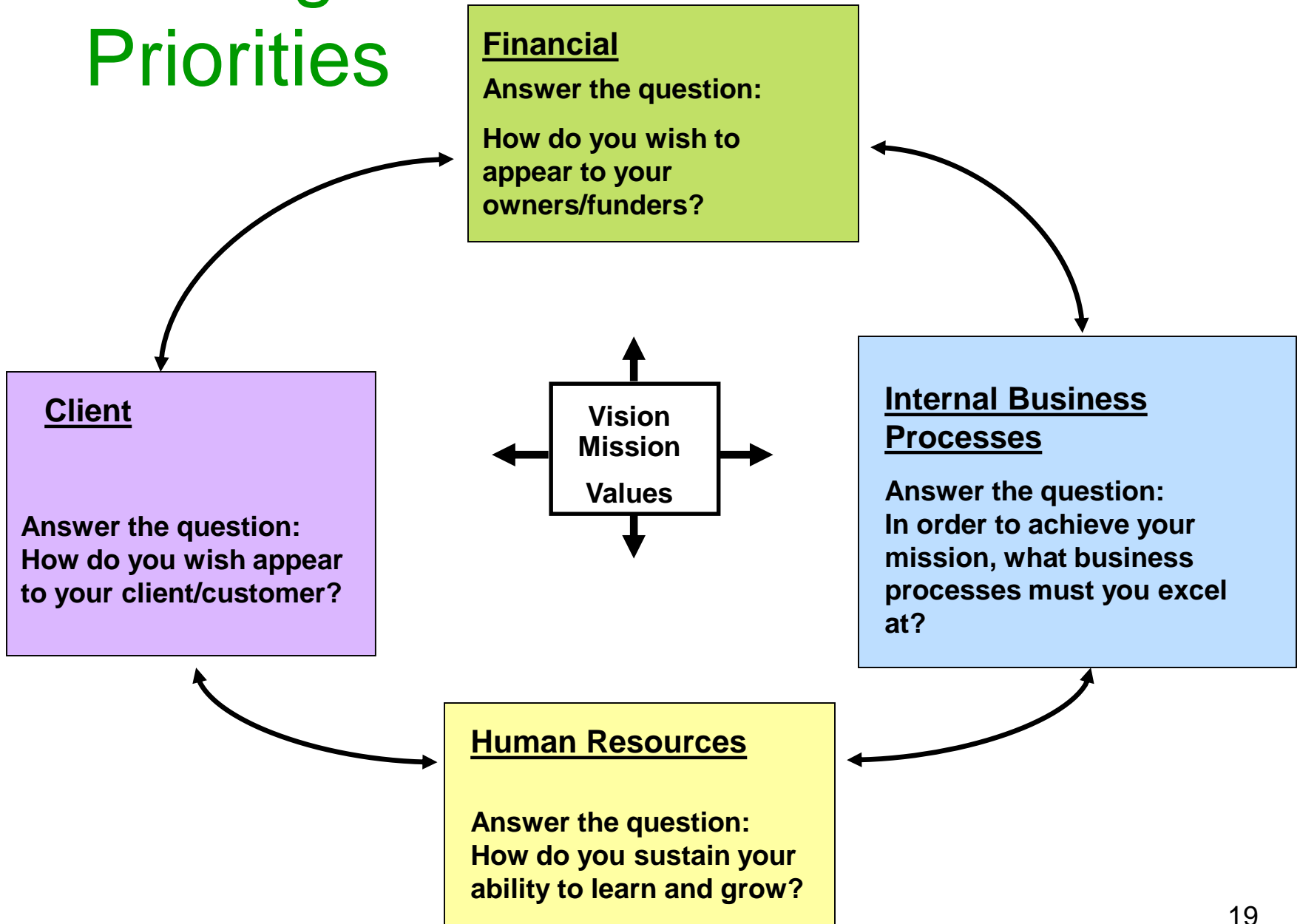
Internal Business Processes

Client

Financial

Human Resources

Strategic Priorities



Results in Other Ventures

- 90% of successful ventures relate to the non-profit's mission
- Planning matters
- 46% of non-profits with ventures have more than one
- 69% are profitable
- Profitability is reached in 2.5 years on average
- Only 10% use a spin-off – cutting edge
- The largest benefit is the creation of an entrepreneurial culture (58%)

Systematic Approach

- Determine organisational
 - Need for innovation
 - Purpose
- Organisational readiness and commitment
- Product development
 - Search for opportunities
 - Create new services and screening
 - Research, design, testing
 - Launch, evaluation and revision
- Portfolio approach

Strengthens Organisations Achieves Mission

- Generates revenue
 - Unrestricted
 - Greater degree of control
 - Enables growth beyond funding base
- Supports mission and strategic plan
- Create valuable new services
- Enhances profile

Balancing Mission and Financial Return

Strong Business Case	SECOND PRIORITY BUSINESS	HIGHEST PRIORITY VALUE ADDED
Weak Business Case	DON'T PURSUE	PHILANTHROPY
	Limited	Advances Mission

Definition of a Good Idea

- Meets a significant customer need – a market
- Return on investment
- Risk managed
- Competitive advantage
 - Cost
 - Performance
- Leverages a strength/asset
- Fits with mission/values

Enterprises

- Mission related products or services
 - Same product, new market: geographic or customer
 - Programme related products (manuals)/services (EAP)
 - Staff resources (training)
 - Public sector contracting
- New product/leveraging organisational strengths
 - Client resources (social firm)
 - Soft assets intellectual property (licensing/franchising)
 - Hard assets (rental)
- Unrelated business (Ben & Jerry's)

Product Creation

Pre-work

- Scan
 - Community trends and needs
 - Potential market opportunities – market research
 - Attend conferences/read magazines/annual reports/web/etc
 - Assess what competitors are doing
- Scan
 - Internal capacities (swot)
- Leading edge networking

Brainstorming

- Use information/knowledge/fantasy/dreams/intuition
- Build on experiences of and skills/knowledge in the organisation
- Lateral thinking, scramble patterns
 - e.g. pose a problem and only outrageous solutions are suggested
- Look at data for opportunities, look at it from other people's perspectives
- Be excited, accept thoughts/play with them - have fun
- Bring experts from different organisations together
- Discuss with others, family, friends, associates
- **Generate a list of opportunities e.g. Northwood case**

Guidelines for Successful Plans

- Aim for a maximum of no more than twenty pages in the main body of the plan
- Be as brief and crisp as possible when explaining your idea and strategy
- Quantitative
- Specific
- Cover what investors are looking for
- Address risk and exit

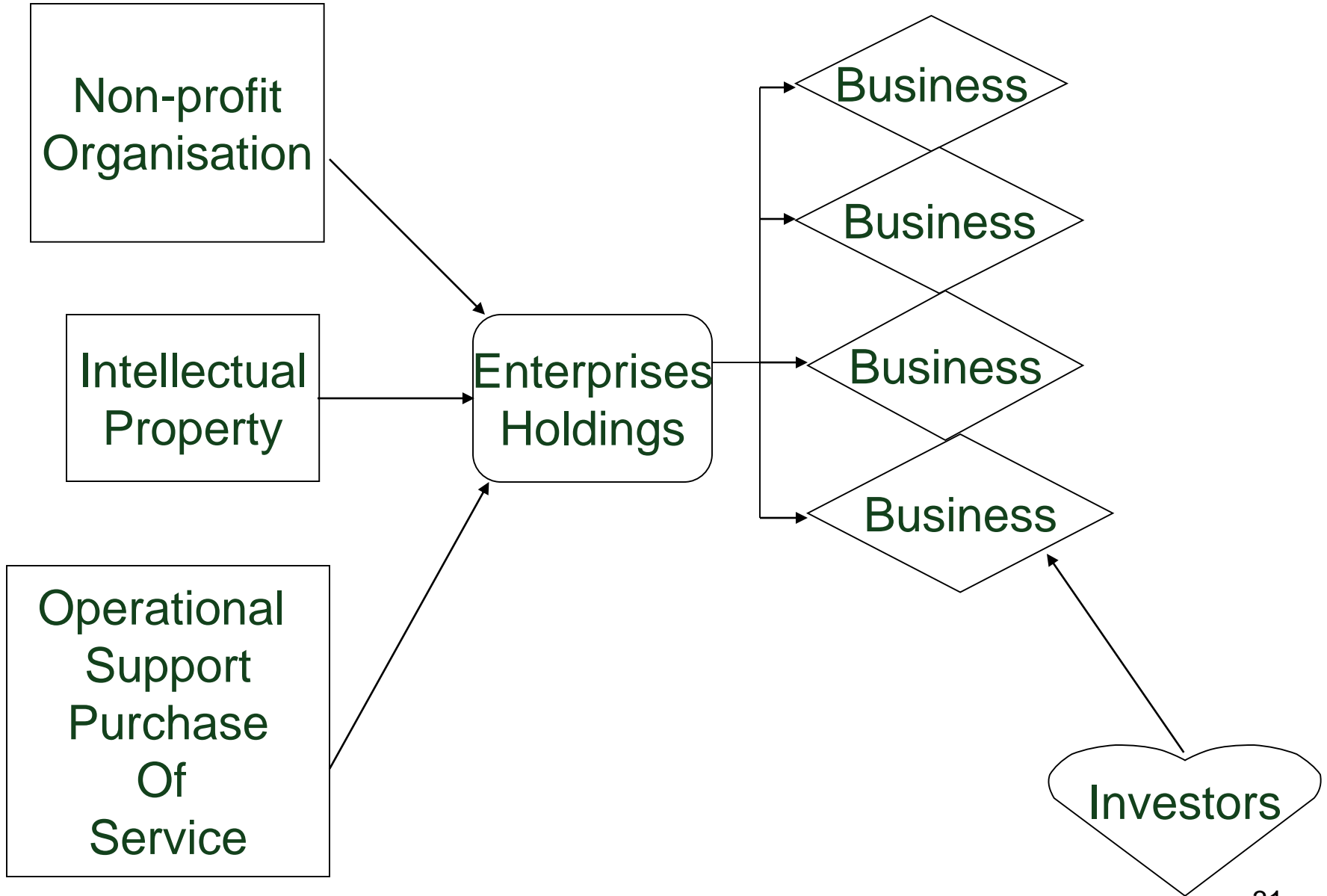
Business Plan Format

- Cover Page and Executive Summary
- Description of the business
- Industry and Market Analysis
- Marketing, Communications and Sales Plan
- Management and Operations / Launch Plan
- Risk Assessment and Contingency Plan
- Exit Strategy
- Financial Plan for Your Venture
- Supporting Documents

Why Separate?

- Different cultures/ends
- Shield non-profit from business risk
- Raise external capital
- Enhance focus on non-core markets without compromising non-profit's purpose or funding

Structure



Transition

- Clean break, separate entities
- Share resources, purchasing services
- Conflict of interest
- Sharing management
- Compensation
- Share purchasing
- Transition plan and monitoring

Relationship With Non-profit

- Customer/vendor/owner (major shareholder)
- Separate companies – consistent vision
- Some price concessions to keep charity as a customer and meet mission
- Mutually beneficial for Enterprises to succeed
- Negotiated and governed by contract

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