



University of Navarra

## ENTREPRENEURIAL STRATEGIES FOR SOCIAL IMPACT

MBA 2007 Winter Semester

**Professors**  
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### INTRODUCTION

Markets in developed countries succeeded in catering efficiently to many if not most basic human needs and increasingly sophisticated customer wants. At the same time, the persistence and severity of global poverty indicates a number of economic and social hurdles to achieving a global form of sustainable development. Progress requires innovation in technologies, products and services but mostly also in the process of how to engage the poor and how to build business models able to satisfy the needs of the poor while being financially sustainable. These solutions are not limited to the non-profit sector or to social entrepreneurs but provide a viable concept for profit oriented firms as well. Creating these solutions involves recognizing opportunities, combining and mobilizing resources, triggering positive change in various domains, and building sustainable business models that ensure access and scale of impact.

## **COURSE OBJECTIVES**

The main objectives of the course are:

- (1) to map a wide variety of entrepreneurial and innovative initiatives,
- (2) to introduce the concepts, practices, opportunities, and challenges of social entrepreneurship;
- (3) to illustrate how established corporations can collaborate with social entrepreneurs,
- (4) to develop skills and tools necessary for facing successfully these challenges; and
- (5) to engage students in a joint learning process, as we all develop a better understanding of this emerging field.

## **CONTENT**

The course highlights a number of approaches and strategies to achieve coupled social and economic development. The first part of the course introduces students to the concept of social entrepreneurship and its various applications across sectors and organizational forms. Furthermore it examines the changing context in a globalizing world and the success factors and conditions of setting up a social enterprise. In the second part, the course discusses corporate strategies and challenges to cater to the poor in underdeveloped markets. Aspects of economic development and how it relates to social progress and issues of sustainable development are highlighted. The third part of the course particularly addresses the challenges and opportunities social entrepreneurship provides for established corporations. It also demonstrates how collaborative efforts of companies and social entrepreneurs are able to create sustainable business models that effectively and efficiently create social value while creating the necessary financial returns required justifying corporate investments in building markets at the bottom of the income pyramid.

## **METHODOLOGY**

Social entrepreneurship as a practice has a long history; however as a field of study and teaching it is quite new. As a result the course represents a joint learning effort based on case studies and in-class discussions with practitioners. The course will be taught in an interactive way. Besides case studies and lectures the course will involve a number of guest speakers providing additional insights to push the practical and theoretical knowledge on this emerging field: award winning social entrepreneurs who will share their real life experience; representatives from organizations that support social entrepreneurs; and managers of well known companies who introduce their social entrepreneurial strategies.

## WHO SHOULD BENEFIT FROM THE COURSE?

This course is of interest for all students who enjoy thinking out-of-the-box. It is particularly useful and inspiring for students who aim at

- balancing the personal need to capture economic returns with the desire to make a social contribution,
- generating new ideas on how to tap into new or non-existing markets and
- embarking on entrepreneurial endeavors by looking beyond traditional business opportunities

## COURSE EVALUATION

Students are evaluated by their contributions in class (40%) and a final project (60%).

### Contribution

Class participation is fundamental for the learning process in this course. Your participation will be evaluated on the **quality** of your contribution, interventions, questions, and insights. Quality participation includes original, unique and relevant perspectives on the issue.

### The project

In addition to class participation the course requires a project. The project can be an individual project or be completed in a team of two. A one-page proposal is due by 7pm February 9<sup>th</sup> (e-mail to [icastillo@iese.edu](mailto:icastillo@iese.edu)). The final project, which should be based on independent research and class material is due by 7pm March 9<sup>th</sup> (e-mail to [icastillo@iese.edu](mailto:icastillo@iese.edu)) (**10 -15 pages – 1.5 spaced**).

Details on the project will be discussed in class.

	Session Topics
<b>Jan 11</b>	<p><b>Session 1</b>  <b>Case:</b> DG-1480-E A new model for the pharmaceutical industry: The Institute of OneWorld Health</p> <p><b>Session 2</b>  <b>Guest:</b> David Gershon (Senior Healthcare Economics and Policy Advisor)</p>
<b>Jan 12</b>	<p><b>Session 3</b>  <b>Case:</b> HBS 9-702-019 Banco Solidario: the business of microfinance</p> <p><b>Session 4</b>  <b>Guest:</b> Herman Mulder (ABN Amro)</p>
<b>Jan 18</b>	<p><b>Session 5</b>  <b>Case:</b> DG-1453-E CDI – Committee for Democracy in Information Technology</p> <p><b>Session 6</b>  <b>Case:</b> DG-1472-E Project Impact: The Affordable Hearing Aid Project</p>
<b>Jan 19</b>	<p><b>Session 7+ 8</b>  <b>Guests:</b> David Green (Project Impact)  Thulasiraj D. Ravilla (Aravind Eye Hospital - India)</p>
<b>Jan 25</b>	<p><b>Session 9</b>  <b>Case:</b> DG-1502-E Waste Concern: Turning a problem into a resource</p> <p><b>Session 10</b>  <b>Guests:</b> Maqsood Sinha (Waste Concern)  Iftekhar Enayetullah (Waste Concern)</p>
<b>Jan 26</b>	<p><b>Session 11</b>  <b>Guest:</b> Maria Zapata (Ashoka)</p> <p><b>Session 12</b>  <b>Work on your project</b></p>
<b>Feb 1</b>	<p><b>Session 13</b>  <b>Case:</b> DG-1466-E The Sekem Initiative</p> <p><b>Session 14</b>  <b>Case:</b> HBS 9-502-012 BRAC</p>
<b>Feb 2</b>	<p><b>Session 15</b>  <b>Case:</b> DG-1467-E The Freeplay Energy Group and Foundation</p> <p><b>Session 16</b>  <b>Lecture:</b> Social Entrepreneurship</p>
<b>Feb 8</b>	<p><b>Session 17</b>  <b>Case:</b> DG-1491-E Reinhard Mohn Fellowship Program</p> <p><b>Session 18</b>  <b>Guest:</b> Mr. Bill Kramer (World Resource Institute)</p>
<b>Feb 9</b>	<p><b>Session 19</b>  <b>Case:</b> INSEAD 304-147-1 Telenor in Bangladesh A</p> <p><b>Session 20</b>  <b>Case:</b> INSEAD 304-148-1 Telenor in Bangladesh B + C</p>

<b>Feb 15</b>	<b>Session 21</b> <b>Speaker:</b> Carlo U. Bonomi on Venture Philanthropy <b>Session 22</b> <b>Interactive session:</b> Corporate Strategies & Sustainability
<b>Feb 16</b>	<b>Session 23</b> <b>Guests:</b> Heineken Manager & Consultants from Triple Value on Business at the Base of the Pyramid <b>Session 24</b> <b>Lecture:</b> Innovative business models at the fringe of markets

## DETAILED SCHEDULE

Thursday, January, 11<sup>th</sup> 14:00 – 16:45

### Session 1

**Case: DG-1480-E**

**A New Model for the Pharmaceutical Industry: The Institute of OneWorld Health**

This case introduces the Institute of OneWorld Health, a company dedicated to producing drugs for neglected diseases and the first non-profit pharmaceutical company in the world. Founded in 2000 by Dr. Victoria Hale, IOWH took expired and donated patent compounds and developed them through all the stages of clinical testing and approval into drugs to fight the world's most destructive diseases, usually occurring in Third World countries where perceived profitable markets did not yet exist. By 2004 IOWH was at the stage of presenting its first Phase 3 Clinical Trial results for Paromomycin, a drug developed for Visceral Leishmaniasis which kills as many as 200,000 people each year in India, Bangladesh, Sudan, Brazil, and Nepal. Its next task was to form partnerships with other organizations to manufacture and distribute the drug; the case focuses on Dr. Hale's strategy for IOWH going forward, with particular reference to its core competencies and mission. The case encourages students to consider other models with similar aims and to observe how social entrepreneurs such as Dr. Hale endeavour to overcome the market failures that exist for basic health care in the world's least developed countries.

#### Study questions:

1. What sets the IOWH business model apart from the business models of regular PPPs and for-profit pharmaceutical companies?
2. Describe the IOWH strategy to ensure and manage resources
3. If you were Victoria Hale, what would your long term strategy for IOWH be? (e.g., sourcing, partnering, and products)? What would be YOUR role in it?
4. How do you expect for-profit companies and PPPs to react?

#### Additional reading on Global Campus (GC):

Vachani, S., Smith, N. C. 2004. Socially Responsible Pricing: Lessons from the Pricing of Aids Drugs in Developing Countries. *California Management Review* 47(1): 117-144

### Session 2

**Speaker:**

**Mr. David Gershon**

(Senior Healthcare Economics and Policy Advisor)

The future of Public Private Partnerships in Healthcare

<http://www.Healthcare-Economics.org>

Friday, January, 12<sup>th</sup> 14:00 – 16:45

### Session 3

**Case: HBS 9-702-019**  
**Banco Solidario: The Business of Microfinance**

Examines the founding and evolution of a for-profit microlending organization in Bolivia. Explores the mechanics of microlending, nonprofit and for profit approaches to serving the informal sector, and how the industry evolves over a 15-year period. Teaching Purpose: To introduce students to microenterprise finance and to consider industry evolution in an emerging market context.

**Study questions:**

1. What were the key factors driving Banco Sol's performance between 1992 and 1998?
2. What country-level factors encouraged the development of the microenterprise finance sector in Bolivia? Would you recommend that the Bolivian approach be widely adopted in the developing world? What conditions are necessary for this model to succeed?
3. How do you explain the deterioration in Banco Sol's performance in 1999 and 2000? Was this foreseeable – or simple bad luck? With better foresight could Banco Sol have taken actions in the mid-1990s to forestall these effects?

**Additional reading:**

Microfinance DGN-647

### Session 4

**Speaker: Herman Mulder (ABN Amro)**  
Micro-credit as a challenge and opportunity for banks

Thursday, January, 18<sup>th</sup> 14:00 – 16:45

### Session 5

**Case: DG-1453-E**  
**Committee for Democracy in Information Technology (CDI)**

CDI – the Committee for Democracy in Information Technology is a non-profit, non-governmental organization that, since 1995, has been developing a pioneering initiative to promote social inclusion, by using information technology as a citizens rights and developing tool. CDI implements educational programs in Brazil and abroad through its Information Technology and Citizens Rights Schools, mobilizing excluded segments of society and helping to transform their reality.

**Study questions:**

1. What value creates CDI? What is the social need CDI supplies to?
2. How does CDI create value? What is their business Model?
3. Who captures the value created?
4. Is CDI's Business Model sustainable?
5. What role plays Rodrigo for CDI.

**Additional reading:**

Dees, J. G., Anderson, B. B., Wei-Skillern, J. 2004. Scaling Social Impact. *Stanford Social Innovation Review* 2(Spring): 24-32

**Session 6****Case: DG-1472-E****Project Impact: The Affordable Hearing Aid Project**

This case introduces David Green, a social entrepreneur with the mission of making advanced medical technology affordable and available to those in the third world. It describes the growth and success of projects to develop, manufacture and distribute low-cost hearing aids and other basic medical technology in India, and presents a direct contrast to the traditional maximum profit model of the medical industry. After achieving success with Aurolab, established in 1992 to provide intra-ocular lenses to eye care facilities such as the Aravind Eye Hospital, Green directed his energies toward the problem of hearing loss in the third world, another area with the potential to make a big impact. By producing a hearing aid available at US \$51 instead of the industry average of US \$1,600, Green could open up an entirely new market, turning the usual low volume, high margin model of the hearing aid industry on its head. Project Impact is the non-profit organization founded by Green in 2000 to manage and raise funds for his Affordable Hearing Aid Project (AHAP) in India. The case analyzes challenges such as scaling and financial sustainability faced by the AHAP and Project Impact' strategic options for the future in a changing competitive landscape.

**Study questions:**

1. How does David Green create value, how and by whom is value captured?
2. What is the objective function David Green tries to maximize - is he successful?
3. Is it OK to sell Aurolab products in the US at US market prices?

Friday, January, 19<sup>th</sup> 14:00 – 16:45

**Session 7 + 8****Real life case: Challenges and latest developments at Project Impact and Aravind**

**Speakers:** Mr. David Green (Project Impact)  
Mr Thulasiraj D. Ravilla (Aravind Eye Hospital (India))  
<http://www.project-impact.net>  
<http://www.aravind.org/>



Thursday, January, 25<sup>th</sup> 14:00 – 16:45

**Session 9**

**Case: DG 1502 E**

**Waste Concern: Turning a Problem into a Resource**

The co-founders of Waste Concern – an organization dedicated to improving waste recycling in Bangladesh – are considering making a change to their decentralized composting model whereby each composting site is a small-scale operation processing 3 tons of organic waste per day. In this model, they have relied on land and waste supply from the Dhaka City Council (DCC) municipal government. Now, they are working with Dutch-based World Wide Recycling BV (WWR) to set up a 700-ton per day composting plant, which will enable them to earn tradable certificates for US\$11 per ton of reduced methane gas, making it the first in the world to garner credits through composting waste under the United Nations Clean Development Mechanism (CDM).

**Study questions:**

1. What is the problem that Waste Concern faces?
2. How did Waste Concern create value?
3. How did they capture value and for whom?
4. What alternative would you recommend to Waste Concern and why?

**Session 10**

**Real life case: Challenges and latest developments at Waste Concern**

**Speakers:** Mr Maqsood Sinha (Waste Concern)  
Mr Iftekhar Enayetullah (Waste Concern)  
<http://www.wasteconcern.org>

Friday, January, 26<sup>th</sup> 14:00 – 16:45

**Session 11**

**Speaker:** Mrs. Maria Zapata - Ashoka Spain  
<http://www.ashoka.org>

**Session 12**

**Work on your project**

Thursday, February, 1<sup>st</sup> 14:00 – 16:45

### **Session 13**

#### **The SEKEM Initiative DG 1466 E**

Sekem, an organization established to make a contribution to Egyptian society in several dimensions - economic, social, and cultural is the result of the efforts over more than 20 years of an entrepreneur driven by the mission to end poverty in his home country. Ibrahim Abouleish created Sekem by transforming a piece of desert into fertile land that today houses several commercial companies as well as cultural and social institutions, e.g. a theatre, a medical center, and schools. The paper argues that social entrepreneurs such as Abouleish are able to overcome the hurdles to socio-economic and sustainable development in poor countries by building necessary infrastructure, creating social capabilities to respond to economic opportunity and discovering and creating the conditions for scaling up and for financial viability.

#### **Study questions:**

1. What were some of the factors that enabled Abouleish to succeed?
2. What are Sekem's dimensions of value creation?
3. Could Sekem be replicated elsewhere?

### **Session 14**

#### **Case: BRAC HBS 9-502-012**

The deputy executive director of Brac, by some accounts the largest non-governmental organization (NGO) in the world, is reflecting on his strategic options in 2003. BRAC is deeply embedded in Bangladesh society, providing microfinance, health and education services to millions of citizens. A key issue is how to continue to serve the expanding needs of those whom BRAC has already helped while, at the same time, tackling the vexing question of how to improve the lives of the ultra-poor. In addition, BRAS is considering extending its work internationally beyond Afghanistan which, at the time of the case, is its sole overseas outpost.

#### **Study questions:**

1. Why has BRAC been successful?
2. How do you think the government of Bangladesh views BRAC?
3. Can BRAC expand internationally?
4. What growth strategies should BRAC consider?

**Friday, February, 2<sup>nd</sup> 14:00 – 16:45**

**Session 15**

**Case: The Freeplay Energy Group and Foundation  
DG 1467 E**

Driven by their core purpose, to make energy available to everybody all of the time, Freeplay seeks to maintain its leadership in creating and developing the market for self sufficient energy products internationally. Committed to balancing the imperatives of both profit and social justice, it established the Freeplay Foundation in 1998. Freeplay has developed low-cost, sturdy, self-powered radios, opening up the world of information to isolated and impoverished communities. Since the first product was released in 1996, aid and donor agencies have distributed over 50,000 radios in sub-Saharan Africa providing continuous access to information to over 1 million people.

**Study questions:**

1. What should the Freeplay Group do?
2. How important is the Foundation for the Group and how important is the Group for the Foundation?
3. How has the Freeplay Foundation business model evolved over time?
4. How would you assess the “performance” of the Foundation? How do you measure and sell “impact”?

**Session 16**

**Lecture : Social Entrepreneurship**

**Thursday, February, 8<sup>th</sup> 14:00 – 16:45**

**Session 17**

**Case: DG-1491-E  
The Bertelsmann Reinhard Mohn Fellowship: CSR as cultural exchange**

The case describes the inception and development of a Bertelsmann initiative to offer social entrepreneurs the opportunity to learn from and contribute to the running of a large organization over the course of a year. The Reinhard Mohn Fellowship (RMF) was initiated as a gift from the board of Bertelsmann AG to the company’s founder, Reinhard Mohn in 2001, and reflects his legacy of entrepreneurship and social responsibility. The fellowship provides for up to five social entrepreneurs from all over the world to be selected from a group of applicants to undertake a one year program offering them the opportunity to experience corporate culture, work on projects in various divisions and build networks within Bertelsmann’s global group of companies. The idea behind the RMF is not only to provide a unique opportunity to socially innovative young entrepreneurs but also to allow the company to benefit from their contrasting points of view and differing experiences.

**Study questions:**

1. What are the costs and benefits (economic and social) of the RMF program, both to Bertelsmann and to the social entrepreneurs?
2. Does the program succeed at its aims? If not, how could it be improved upon?
3. How can Anette justify continuing to support and fund the RMF to the Bertelsmann Board?
4. Can the program be replicated in another company – would Bertelsmann's recipe work elsewhere?

**Session 18**

**Speaker:** **Mr. Bill Kramer (World Resource Institute)**  
Development through Enterprise Initiative  
[www.nextbillion.net](http://www.nextbillion.net)  
[www.wri.org](http://www.wri.org)

**Friday, February, 9<sup>th</sup> 14:00 – 16:45**

**Session 19 & 20**

**Case: Telenor in Bangladesh (A + B + C)**  
**INSEAD 304-147-1 and 304-148-1**

This case describes the partnership between Norwegian Telecommunications company, Telenor and Grameenphone in Bangladesh. Telenor had the opportunity to 'do well and do good' in Bangladesh: It could help its financial bottom line by being a first-mover in the Bangladesh mobile telephone market and establish a successful operation through partnership with the world-renowned Grameen Bank. However, in Order to capitalize on this opportunity, Telenor had to agree to the social cause of providing telephone connectivity for the rural poor by offering mobile services in the villages.

**Study questions:**

1. Why did companies not see the value, why was Bangladesh not on Telenor's radar screen in 1994?
2. Could Telenor have done it alone?
3. How is social and economic value creation interdependent in this case?

Thursday, February, 15<sup>th</sup> 14:00 – 16:45

**Session 19**

**Speaker:** Carlo U Bonomi (Investindustrial) on Venture Philanthropy  
[www.investindustrial.com](http://www.investindustrial.com)  
[www.investforchildren.org](http://www.investforchildren.org)

**Session 20**

**Interactive Session:** Corporate Strategies & Sustainability

Friday, February, 16<sup>th</sup> 14:00 – 16:45

**Session 23**

**Real life case:** Business at the Base of the pyramid (BOP)

**Speaker:** Heineken & Triple Value Consulting  
<http://www.triple-value.com/>

**Session 24**

**Lecture:** Innovative Business Models at the Base of the Pyramid

## ADDITIONAL READING

A selection of readings and more Web Links are available on the Global Campus

### Defining social entrepreneurship

Boschee, J. (2003). Towards a Better Understanding of Social Entrepreneurship. Draft Unpublished Manuscript, <http://faculty.fuqua.duke.edu/courses/mba/2003-2004/term3/management426/Borschee.pdf>

Dees, J. G. (1998). The Meaning of Social Entrepreneurship. <http://faculty.fuqua.duke.edu/centers/case/files/dees-SE.pdf>

Borwankar, A., Mair, J., Seelos C. (2004). Social Entrepreneurial Initiatives in the Sustainable Development Landscape, Technical Note, IESE, DGN-638-E

Drayton, W. (2002). The Citizen Sector: Becoming As Entrepreneurial And Competitive As Business. *California Management Review*, 44(3), 120-132.

### Research on Social Entrepreneurship

Mair, J. and Martí, I. 2006. Social Entrepreneurship Research: A source of explanation, prediction, and delight.. *Journal of World Business*, 41(1): 36-44.

Alvord, A. S., Brown, D., Letts, C. W. (2004). Social entrepreneurship and societal transformation. *Journal of Applied Behavioral Science* 40(3): 260-282

Seelos, C., Mair, J. (2005). Sustainable Development, Sustainable Profit, *EBF*, issue 20, winter 49-53

Seelos, C., Mair, J. (2005). Social Entrepreneurship: Creating New Business Models to Serve the Poor, *Business Horizons*, 48, 241-246

## Online Resources:

### Foundations & Funds

Schwab Foundation <http://www.schwabfound.org/>

Ashoka <http://www.ashoka.org/home/index.cfm>

Skoll Foundation <http://www.skollfoundation.org/>

Social Profit Network <http://www.socialprofitnetwork.org/index.shtml>

Roberts Enterprise Development Fund <http://www.redf.org/>

Acumen Fund <http://www.acumenfund.org/default.asp>

Echoing Green <http://www.echoinggreen.org>

Avina <http://www.avina.net>

Social Venture Network <http://www.svn.org/>

Open Society Institute <http://www.soros.org/>

Foundation Strategy Group <http://www.foundationstrategy.com/>

### Networks & NGOs

United Nations Development Programme <http://www.undp.org/>

UN Millennium Development Goals <http://www.un.org/millenniumgoals/>

UN Global Compact <http://www.unglobalcompact.org>

World Health Organization <http://www.who.int/en/>

The World Bank <http://www.worldbank.org/>

The International Finance Corporation <http://www.ifc.org/>

International Year of Microcredit <http://www.yearofmicrocredit.org/>

Microcredit Summit Campaign <http://www.microcreditsummit.org/>

Blended Value Map <http://www.blendedvalue.org/>

Global Reporting Initiative <http://www.globalreporting.org/>

World Business Council for Sustainable Development <http://www.wbcsd.org/>