

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

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Offered: EMBA Elective, Fall 2022 Bidding Only

Course Overview

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:

| Core Course | Connection with Core |
|-------------------------------|--|
| 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.

| Session | Topic | Case Study |
|--|--|---|
| Social Entrepreneurship in the Nonprofit Sector | | |
| 1: What is Social Entrepreneurship 9.8 <ul style="list-style-type: none"> Cheryl Dorsey, President, Echoing Green Justine Zinkin, '02 CEO Neighborhood Trust Financial Partners | A new kind of service provider | Ashoka Echoing Green Neighborhood Trust BlocPower |
| | A new breed of funder: venture philanthropy | New Profit Inc Robin Hood Foundation Pershing Square Foundation |
| | Course correction: diversity, equity and inclusion | |
| | | |
| 2: Innovations in Philanthropy 9.22 <ul style="list-style-type: none"> 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 | Entrepreneurship to Enterprise | Acumen Fund |
| | Activist Assets | F.B. Heron Foundation Ford Foundation Rockefeller Brothers Fund |
| | | |
| Social Impact in the Private Sector | | |
| 3: Impact Investing: Investor Perspective 9.29 <ul style="list-style-type: none"> Liz Luckett, Managing Partner, The Social Entrepreneurs' Fund Javier Lozano, Clínicas del Azúcar Rashid Galadanci, CEO, Driver | The Microfinance Evolution | Grameen, SKS, MPesa, MKopa |
| | Impact Investing | The Social Entrepreneurs' Fund |
| | Venture Capital | Clínicas del Azúcar Driver |
| | | |
| 4: Sustainable Investing Goes Mainstream 10.6 <ul style="list-style-type: none"> John Goldstein, Head of Sustainable Finance, Goldman Sachs Greg Shell, Managing Director, Bain Capital Double Impact Martin Whittaker, CEO, Just Capital Carrie Braddock, '06 Head of ESG and Impact, SilverLake | The View from Financial Services | Sustainable Finance at Goldman Sachs Impact Investing at Bain Capital ESG, DEI & Impact at SilverLake |
| | Stakeholder Capitalism and Corporate Responsibility 2021 | Just Capital |
| | | |
| 5: Profits and Purpose: the Entrepreneurs 10.13 <ul style="list-style-type: none"> 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 | Launching and Sustaining a Social Purpose Venture | B-Lab Etsy Greyston Bakery Danone Wave Towerbrook |
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| Social Innovation in the Public Sector | | |
| 6: Social innovation in action: public private partnerships 10.20 <ul style="list-style-type: none"> Andrea Phillips, Founder & Managing Partner, The Community Outcomes Fund Fran Seegull, President, US Impact Investing Alliance | Pay for Success & Social Impact Bonds | The Community Outcomes Fund |
| | The Policy Outlook | US Impact Investing Alliance |

Readings

Required reading each week will come from Georgia Levenson Keohane, [Social Entrepreneurship for the 21st Century: Innovations Across the Nonprofit, Private and Public Sectors](#) (New York: McGraw Hill, January 2013), [Capital and the Common Good: How Innovative Finance is Tackling the World's Most Urgent Problems](#) (New York: Columbia Business School, 2016) and case studies and articles included on the syllabus and course platform.

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 (9.8)

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?

| | | |
|---------------------------------------|--|----------------------------|
| What is Social Entrepreneurship (9/8) | A new kind of service provider | Ashoka |
| | | Echoing Green |
| | | Neighborhood Trust |
| | | BlocPower |
| | A new kind of funder: venture philanthropy | New Profit Inc |
| | | Robin Hood Foundation |
| | | Pershing Square Foundation |
| | Course correction: diversity, equity and inclusion | |

Confirmed Speakers:

- [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 Pershing Square trying to address?
6. What are some of the philanthropy and social entrepreneurship's blind spots, and how can they be corrected?

Required Reading

- Introduction:
 - Georgia Levenson Keohane, [Social Entrepreneurship for the 21st Century: Innovation Across the Nonprofit, Private and Public Sectors](#) (New York: McGraw Hill, January 2013), introduction, chapters 1,2,3, 4, 18, 19 [book is hereafter referred to as Keohane SE21]
- New Breed of Service Provider
 - [Echoing Green: Mission](#)
 - Neighborhood Trust [2020 Annual report](#) (skim)

- [“Donnel Baird wants to bring green energy to America’s poorest neighborhoods,”](#) The Washington Post March 26, 2021
- 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](#)
- Philanthropy: Course Corrections
 - [Meeting this Moment: Reflections One Year Later](#)
 - [Racial Equity and Philanthropy: Disparities in Funding for Leaders of Color Leave Impact on the Table](#), Cheryl Dorsey, Jeff Bradach, Peter Kim (Bridgespan, 2020)
 - [“In Philanthropy, Race Is Still a Factor in Who Gets What, Study Shows,”](#) *New York Times* 1 May 2020
 - Cheryl Dorsey, Jeff Bradach, and Peter Kim, [“Racial Equity and Philanthropy: Disparities in Funding for Leaders of Color Leave Impact on the Table,”](#) Echoing Green and the Bridgespan Group Report May 2020.
 - [Echoing Green Announces New Racial Equity Philanthropic Fund](#) (Echoing Green, 2020)
 - Joseph Stiglitz, [“Meet the ‘Change Agents’ Who are Enabling Inequality,”](#) *New York Times* 20 August 2018.
 - Rob Reich, [“Philanthropy in the Service of Democracy,”](#) Stanford Social Innovation Review Winter 2019 [need to link PDF]

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](#)

Recommended Listening:

- Capital for Good podcast interview: [The Future of Social Entrepreneurship and Innovation with Cheryl Dorsey](#) (May 11th, 2021)

Recommend Reading:

Social Entrepreneurship

- Georgia Levenson Keohane, “Ashoka: Innovators for the Public” (Stanford Graduate School of Business Case Study” SM203 February 2012)
- David Bornstein, “Changing the World on a Shoestring,” *The Atlantic* January 1998
- J Gregory Dees, “The Meaning of Social Entrepreneurship,” October 31, 1998.
- Bill Drayton, “Everyone a Changemaker: Social Entrepreneurship’s Ultimate Goal,” *Innovations* Winter 2006
- Bill Drayton, “The Citizen Sector Becoming as Entrepreneurial and Competitive as Business,” *California Management Review* Vol 44, No. 3, Spring 2002

- Roger L. Martin and Sally Osberg, “Social Entrepreneurship: The Case for Definition,” *Stanford Social Innovation Review* Spring 2007
- William A. Schambra, “The *Real* Social Entrepreneurs,” 2010 William E. Simon Lecture, the Manhattan Institute for Policy Research, New York City, 9 December 2010.
- “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
- Peter Drucker, Innovation and Entrepreneurship: Practices and Principles (New York: Harper and Row, 1985) Introduction and Chapter 1

Venture Philanthropy

- Robert S. Kaplan and Allen S. Grossman, “The Emerging Capital Market for Nonprofits,” *Harvard Business Review* October 2010
- Christine Letts, William Ryan and Allen Grossman, “Virtuous Capital: What Foundations Can Learn from Venture Capitalists,” *Harvard Business Review* March- April 1997
- 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
- Steven LeFrance and Nancy Latham, “Taking Stock of Venture Philanthropy,” *Stanford Social Innovation Review* Summer 2008
- 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)
- Paul Bloom and Edward Skloot, eds. Scaling Social Impact: New Thinking (New York: Palgrave MacMillan, 2010) [selected chapters]

Philanthropy Course Corrections

- Anand Giridharadas, Winners Take All: The Elite Charade of Changing the World (New York: Penguin Random House 2018).
- Robert Reich, Just Giving: Why Philanthropy is Failing Democracy and How it Can do Better (Princeton: Princeton University Press, 2018)
- 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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|--------------------------------|--------------------------------|---------------------------|
| 2: Innovations in Philanthropy | Entrepreneurship to Enterprise | Acumen Fund |
| | Activist Assets | F.B. Heron Foundation |
| | | Ford Foundation |
| | | Rockefeller Brothers Fund |

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.
 - [“Ford Foundation is an Unlikely Convert to Impact Investing,”](#) New York Times April 13, 2017
 - Ford Foundation, [Transformative Capital: How Mission Related Investing Can Deepen Foundations’ Impact](#)
 - John Leland, [“The Man with the \\$13 Billion Checkbook”](#) New York Times 12 July 2019

- James Stewart and Nicholas Kulish, "[Leading Foundations Pledge to Give More, Hoping to Upend Philanthropy](#)," New York Times 10 June 2020
- Roy Swan and Darren Walker, "[Capital for Justice: Spurring on Impact Investing for Racial Equity](#)," Stanford Social Innovation Review 29 April 2019.
- 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](#)," Economist
- Paul Brest, Ronald Gilson and Mark Wolfson, "[How Investors Can \(and Can't\) Create Social Value](#)," ECGI Working Paper Series in Law March 2018 (skim).
- Rockefeller Brothers Fund, [Investing in Our Mission: a Five Year Case Study of Fossil Fuel Divestment at the Rockefeller Brothers Fund](#) May 2020
- RBF [Case Study: Investors can Pursue Impact Without Sacrificing Returns](#)
- Andrew Ross Sorkin, "[Greed is Good. Except when it's Bad](#)," New York Times 13 September 2020.

Recommended Reading

Prizes and Challenges

- Jonathan Bays, Tony Goyland and Joe Newsum, "Using Prizes to Spur Innovation" *McKinsey Quarterly* July 2009
- "X Prize CEO Peter H. Diamandis on Jackpots for Innovation," Harvard Business Review November 2008
- 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.
- Stephanie Strom, "To Advance their Cause, Foundations Buy Stocks," New York Times 20 November 2011
- Michael Swak, "Expanding Philanthropy's Reach: Mission Related Investing at the F.B. Heron Foundation," Communities and Banking Spring 2008
- William M. Dietel, "Mission Stewardship" The F.B. Heron Foundation
- Susan Berresford and Lorie Slutsky, "Foundations' Longevity Should Be Valued," Chronicle of Philanthropy 4 September 2008

- 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
- “Ebay’s Founder on Innovating the Business Model of Social Change,” Harvard Business Review September 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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|---|----------------------------------|---|
| 3: Impact Investing: Investor Perspective | The Microfinance Evolution | Grameen Bank + SKS Microfinance |
| | | MPesa + MKopa |
| | Impact Investing Venture Capital | The Social Entrepreneurs' Fund Driver Clínicas del Azúcar |

Confirmed Speakers:

- [Liz Lockett](#), Managing Partner, [The Social Entrepreneurs' Fund](#)
- [Javier Lozano](#), Co-founder and CEO [Clínicas del Azúcar](#)
- [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](#)
 - [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](#)
 - Brian Trelstad, "[Making Sense of the Many Kinds of Impact Investing](#)" Harvard Business Review 28 January 2016
 - Brian Trelstad, "[Making Impact Investing Work](#)," Project Syndicate 13 January 2020
- Microfinance Evolution
 - Keohane C&CG chapter 3
- Impact Investing Venture Capital
 - Look at the website of [The Social Entrepreneurs' Fund](#) and [Maycomb Capital](#) more broadly.

- Michelle Celarier, "[Why Would a Finance Firm Invest in Low-Income Communities?](#)" *Worth* 25 February 2020
- Liz Lockett, "[Small Data for Big Impact](#)," *SSIR* 16 February 2018
- Look at the [Driver](#) website.
- Look at the [Clínicas del Azúcar](#) website, which can be translated with Chrome
- [VisionQuest Uses Artificial Intelligence to Screen 40,000 Patients for Diabetic Retinopathy](#) 15 June 2021
- [Using Behavioral Nudges to Treat Diabetes](#) *HBR* 18 October 2018
- [Social Impact Incentives: Clínicas del Azúcar](#) March 2017 (skim)
- Skim, if interested, case studies on Canvas on: Bridges, Impact America Fund, DBL Partners

Recommended Reading

- [Case Foundation: a Short Guide to Impact Investing](#)
- Milton Friedman, "[The Social Responsibility of Business is to Increase Profits](#)," *New York Times Magazine* (13 September 1970)
- "[IBM v Carnegie Corporation: The Centenarians Square Up](#)," *The Economist* 9 June 2011.
- [Michael Sandel, "What Isn't for Sale?" The Atlantic April 2012.](#)
- J.P. Morgan, "Impact Investments: an Emerging Asset Class," J.P. Morgan Global Research 29 November 2010, pp 1-23 (introduction, executive summary, chpt 1)
- World Economic Forum, "[From the Margins to the Mainstream: Assessment of the Impact Investment Sector and Opportunities to Engage Mainstream Investors](#)," Executive Summary
- Paul Brest and Kelly Born, "[When Can Impact Investing Create Real Impact?](#)" *Stanford Social Innovation Review* Fall 2013
- "Investing with Impact: Creating Financial, Social and Environmental Value," Morgan Stanley Smith Barney 2012
- "Investing for Social and Environmental Impact," Monitor Institute January 2009
- Roger Frank, "Impact Investing: What Exactly is New?" *Stanford Social Innovation Review* Winter 2012
- Michael Porter and Michael Kramer, "Creating Shared Value," *Harvard Business Review* January 2011.
- Antony Bugg-Levine and Jed Emerson, [Impact Investing](#) (San Francisco: Jossey-Bass, 2011)
- Muhammad Yunus, [Building Social Business](#) (New York: PublicAffairs, 2010)

MicroFinance Evolution

- Jeffrey A. Harris, "It Took a Village" Columbia CaseWorks No. 090331 December 7 2010
- "SKS and the AP Microfinance Crisis," Harvard Business School Case No 9-212-018 10/12/2011
- "SKS Microfinance: The Sour Taste of Success" Ivey School of Business W12906 4/20/12
- Eric Bellman, "IPO Pits Profits vs. Altruism," *Wall Street Journal* 9 July 2010.
- Stephanie Strom, "Rich IPO Brings Controversy to SKS Microfinance," *New York Times* 7/29/10
- Vikas Bajaj, "Luster Dims for a Public Microlender," *New York Times* 10 May 2011.

Session 4: Sustainability Goes Mainstream (10/6)

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|--|----------------------------------|---|
| 4: Sustainable Investing Goes Mainstream | The View from Financial Services | Sustainable Finance at Goldman Sachs Impact Investing at Bain Capital ESG, DEI and Impact at SilverLake |
| | Corporate Responsibility 2021 | Just Capital |

Confirmed Speakers:

- [John Goldstein](#), Head of Sustainable Finance Group, Goldman Sachs
- [Greg Shell](#), Managing Director, [Bain Capital Double Impact](#)
- [Carrie Braddock](#), '06 Head of ESG and Impact, [SilverLake](#)
- [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?
2. Investment in public markets? private markets? Consider the cases of Goldman Sachs, Bain Capital, SilverLake and the larger industry perspective of Just Capital.
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](#)
- Peter Goodman, "[Stakeholder Capitalism Gets a Report Card. It's Not Good.](#)" New York Times 22 September 2020.
- Just Report, [Two Years After the Business Roundtable's Redefined Purpose of a Corporation, Do Americans Believe Companies are Living up to their Promises?](#) September 27, 2021
- Just Capital, "[Have Business Roundtable Companies Really Underperformed on Stakeholder Promises this Year?](#)" Just Capital 23 September 2020
- "[Net-zero emissions targets adopted by one-fifth of world's largest companies.](#)" Reuters March 23, 2021
- Just Capital, "[More Corporate Climate Commitments are Essential to Limiting the Effects of Global Warming.](#)" September 2021
- World Economic Forum, "[Lighthouse Action on Social Justice Through Stakeholder Inclusion.](#)" September 2021
- [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 (skim)
- Larry Fink's 2021 [Letter to CEOs](#) and letter to clients on [Net Zero: a Fiduciary Approach](#)

- Bob Eccles, “[A Critique of Tariq Fancy’s Critique of ESG Investing: an Interview with Clara Miller,](#)” Forbes October 1st, 2021
- Larry Fink [CEO Letter: a Fundamental Reshaping of Finance](#), 2020 (skim)
- World Economic Forum, [Stakeholder Capitalism in a Time of Crisis](#) March 2020 (skim)
- George Serafeim, “[Making Sustainability Count: How to Improve Environmental, Social and Governance \(ESG\) Performance](#)” HBR September 2020
- Sustainable Finance at Goldman Sachs [overview](#).
- “[Goldman Sachs Commits \\$10 Billion in Investment Capital and \\$100 Million in Philanthropic Capital to Impact the Lives of One Million Black Women,](#)” March 2021
- Just Capital [Rankings](#)
- [Bain Capital Double Impact Overview](#)
- [Bain Capital Double Impact Year in Review](#) May 2021
- Karen Toulon, “[Bain Capital’s Greg Shell is Investing to Help Improve the World,](#)” Bloomberg 29 July 2020

Recommended Reading

- “Goldman Sachs: Making an Imprint in Impact Investing” [HBS Case Study](#) 3 April 2018 (skim)
- 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
- Paul Sullivan, [Investing in Social Good is Finally Becoming Profitable](#), New York Times 28 August 2020
- World Economic Forum, “[Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation,](#)” White Paper September 2020 (skim)
- Morgan Stanley, “[Sustainable Finance’s Era of Innovation,](#)” Institute for Sustainable Investing October 28, 2019
- [COVID-19 and Inequality: a Test of Corporate Purpose](#) TCP and KKS Advisors September 2020 (skim)

Session 5: Profits and Purpose: the Entrepreneurs (10.13)

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

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| Profits and Purpose: the Entrepreneurs | Launching and Sustaining a Social Purpose Venture | B-Lab |
| | | Etsy |
| | | Greyston Bakery |
| | | Danone |
| | | Towerbrook |

Confirmed Speakers:

- [Joseph D. Kenner](#), CEO, [Greyston Bakery](#)
- [Abrielle Rosenthal](#), Managing Director, [Towerbrook](#)
- [Holly Ensign-Barstow](#), Director of Policy, [B Lab](#)

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?
4. Is Etsy a social enterprise? Is Greyston Bakery? Is Danone? Is Towerbrook?
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)
- [B Lab Impact Assessment](#) (check out website and case studies)
- [The B Corp movement is accelerating during the pandemic](#) (also file) 7 July 2020 and podcast
- [Ex-Danone Boss Emmanuel Faber: how to rewire a company for good](#) Pioneers Post 17 September 2021
- [Danone board ousts Emmanuel Faber as chief and chairman](#) (also file) Financial Times 15 March 2021
- [Sustainability and the downfall of Danone CEO Faber](#) and [part 2](#) Forbes 20 March 2021
- [Etsy made Mistakes, but its Commitment to Social Responsibility Wasn't One of Them](#) Quartz 5 December 2017.
- Greyston Bakery overview [here](#) and [here](#).
- [Ben & Jerry's unveils new flavor to support Rep. Cori Bush's public safety bill](#) NBC News 20 September 2021
- [How a Bakery is Breaking Down Barriers to Employment Through Open Hiring and Job Development Programs](#) Forbes 4 June 2021
- ["This New York Bakery Thrives by Hiring Anyone who Wants to Work, No Questions Asked,"](#) Entrepreneur 18 August 2017

- [TowerBrook earns B Corp certification](#)
- 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
- [Open Hiring at Greyston](#) video
- [The Bakery that Gave an Ex-Inmate a Second Chance](#) video

Recommended Listening

- [How the Pandemic Accelerated the Social Impact Movement](#) Knowledge@Wharton Interview with B Lab co-founder Bart Houlahan 27 September 2021
- [New SPAC Sees Growing Market Opportunities for Stakeholder-Minded Businesses and Investors](#) B the Change 4 May 2021

Recommended Viewing/Listening

- [B Corps and the Future of Ethical Business Practices](#) (Georgia Keohane interviews Ben Anderson, CEO of B Lab US and Canada) Columbia Business School Social Impact Webinar Series April 16, 2021

Recommended Reading

- Chrystia Freeland, [“Capitalism, but with a Little Heart,”](#) New York Times July 18th 2013
- [Inside the Revolution at Etsy](#) New York Times 25 November 2017
- [B Lab and the Impact Assessment Evolution](#)
- [“Why Kickstarter Decided to Radically Transform its Business Model”](#) Fast Company 4/12/17
- [“The Revolution at Etsy,”](#) New York Times 25 November 2017
- [“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
- Angus Loten, [“With New Law, Profits Take a Back Seat,”](#) Wall Street Journal 19 Jan 2012
- [“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
- Rosabeth Moss Kanter, [SuperCorp: How Vanguard Companies Create Innovation, Profits, Growth and Social Good](#) (New York: Crown, 2009).
- Joseph L. Bower, Herman B. Leonard, Lynn S. Paine, [Capitalism at Risk](#) (Boston: Harvard Business Review Press, 2011)
- Michael J. Sandel, [What Money Can’t Buy: The Moral Limits of Markets](#) (New York: Farrar, Straus and Giroux, 2012)

SOCIAL INNOVATION IN THE PUBLIC SECTOR

Session 6: Public Private Partnerships and an Inclusive Economy (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, and public private partnerships, promote social innovation and create an inclusive economy?

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? How do we think of this work coming out of the pandemic?

| | | |
|---|---|--------------------------------|
| 6: Social innovation in action: public private partnerships | Outcomes Based Financing | The Community Outcomes Fund |
| | The Role of Policy in Responsible Business, Investing and Social Innovation | U.S. Impact Investing Alliance |

Confirmed Speakers:

- [Andrea Phillips](#), Founder & Managing Partner, [The Community Outcomes Fund](#)
- [Fran Seegull](#), President, [U.S. Impact Investing Alliance](#)

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. What is the role of policy in advancing impact investing, social innovation and inclusive economies at the local and national level?

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](#)
 - [Driving Results: Making the Most of Relief Funding](#) Nat’l Assoc. of Workforce Boards
 - [An Unexpected Entrepreneur: a Female Founder and Fund Manager Breaks New Ground](#) Forbes 15 June 2021
 - [Maycomb Capital Partnership Transforms Social Services Funding](#) United Healthcare Community and State January 2021
 - Jim Anderson and Andrea Phillips, “[What We Learned from the Nation’s First Social Impact Bond](#),” Huffington Post 7/2/15
 - “[Goldman Sachs to Finance Early Education Program](#),” New York Times 12 June 2013

- [Public, Private, Nonprofit Partnerships: A Case Study of Social Impact Bonds](#) (skim) April 2017
- U.S. Impact Investing Alliance
 - The U.S. Impact Investing Alliance [website](#)
 - Top/recent policy advocacy activity [here](#).
 - [An Urgent Call to Biden-Harries Administration: Create White House Initiative on Inclusive Economic Growth](#) 7 April 2021, skim [full proposal](#)
 - [U.S. Impact Investing Alliance Publishes New Report on “Private Capital, Public Good” with Bipartisan Call to Action](#) December 2020, skim [full report](#)

Recommended Reading

General

- [Moneyball for Government](#) (Disruption Books, 2014)
- Bridgeland, John and Peter Orszag. 2013. “Can Government Play Moneyball?” The Atlantic, June
- Eric Liu and Nick Hanauer, “The ‘More What, Less How’ Government,” *Democracy* Winter 2011
- [“Let’s Hear Those Ideas,”](#) The Economist 12 August 2010
- Detailed Parameters: “Race to the Top Program, Executive Summary,” U.S. Dept. of Education, Nov 2009
- Kim Smith and Julie Petersen, “Steering Capital: Optimizing Financial Support for Innovation in Public Education,” Bellwether Education Partners (April 2011)
- Eric Braverman and Michael Chui, “Unleashing Government’s Innovation Mojo” McKinsey Quarterly June 2012
- Michele Jolin, “Innovating the White House: How the next president of the United States can spur social entrepreneurship,” *Stanford Social Innovation Review* Spring 2008
- David Osborne and Ted Gaebler, [Reinventing Government](#) (Boston: Addison-Wesley, 1992)
- Stephen Goldsmith, [The Power of Social Innovation](#) (San Francisco: Jossey Bass, 2010)

Pay for Success

- [Lessons from the Field](#)
- [State of Play: Pay for Success and Evidence Based Policy](#) 1 March 2018
- [What’s Next in Pay for Success](#)
- [Goldman Sachs, Determining the Potential of Social Impact Bonds \(SIB Case I\)](#)
- [“Social Finance, Inc.” Harvard Business School Case Study No. 9-212-055 Rev. January 26, 2012](#)
- [“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](#)
- David Chen, “Goldman to Invest in City Jail Program, Profits if Recidivism Falls Sharply,” *New York Times* 2 August 2012
- Tina Rosenberg, “The Promise of Social Impact Bonds,” *New York Times* 20 June 2012
- David Chen, “Goldman to Invest in City Jail Program, Profits if Recidivism Falls Sharply,” *New York Times* 2 August 2012
- Tina Rosenberg, “The Promise of Social Impact Bonds,” *New York Times* 20 June 2012

- “From Potential to Action: Bringing Social Impact Bonds to the U.S.” McKinsey & Company May 2012
- “Pay for Success: Investing in What Works,” Nonprofit Finance Fund and the White House January 2012
- [“Building a Healthy and Sustainable Social Impact Bond Market: The Investor Landscape,”](#) The Rockefeller Foundation Dec. 12.
- Social Finance UK, [“Development Impact Bond Working Group Report,”](#)
- Kash Rangan and Lisa Chase “Why Pay for Success is a New Flavor of Philanthropy” HBS Working Paper 14-109 30 April 2014

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.

- Joseph A. Schumpeter, The Theory of Economic Development (Cambridge: Harvard University, 1961), 74-94
- Howard Stevenson, "A Perspective on Entrepreneurship," (Harvard Business School Case No. 9-384-131 13 April 2006)
- Carl J Schramm, The Entrepreneurial Imperative (New York: Harper Collins, 2006)
- William J. Baumol, The Free-Market Innovation Machine: Analyzing the Growth Miracle of Capitalism (New Jersey: Princeton University, 2002)
- Stephen Goldsmith, The Power of Social Innovation (San Francisco: Jossey Bass, 2010)
- David Bornstein, How to Change the World: Social Entrepreneurs and the Power of New Ideas (New York: Oxford University Press, 2004)