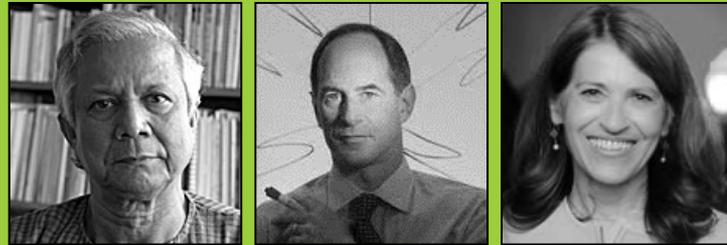


Interaction Design, Society and the Public Sector

The Poor: *Social Business*

Jon Kolko



Social Business

[3B] Roger Martin & Sally Osberg



“The word entrepreneurship is a mixed blessing. On the positive side, it connotes a special, *innate* ability to sense and act on opportunity, combining out-of-the-box thinking with a unique brand of determination to create or bring about something new to the world. On the negative side, entrepreneurship is an ex post term, because entrepreneurial activities require a passage of time before their true impact is evident.”

How do you feel about the use of the word “innate” here?

[3B] Roger Martin & Sally Osberg



“Successful entrepreneurship, [Schumpeter] argues, sets off a chain reaction, encouraging other entrepreneurs to iterate upon and ultimately propagate the innovation to the point of ‘creative destruction,’ a state at which the new venture and all its related ventures effectively render existing products, services, and business models obsolete.”

Do you see this happening, presently? Where? How?

[3B] Roger Martin & Sally Osberg



“The entrepreneur is attracted to this suboptimal equilibrium, seeing embedded in it an opportunity to provide a new solution, product, service, or process. The reason that the entrepreneur sees this condition as an opportunity to create something new, while so many others see it as an inconvenience to be tolerated stems from the unique set of personal characteristics he or she brings to the situation – inspiration, creativity, direct action, courage, and fortitude. These characteristics are fundamental to the process of innovation.”

Back to innate: are these characteristics built or born?

[3B] Roger Martin & Sally Osberg



“We believe that the critical distinction between entrepreneurship and social entrepreneurship lies in the value proposition itself.

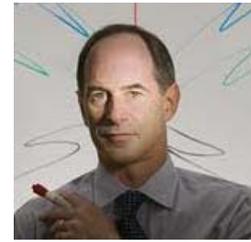
For the entrepreneur, the value proposition anticipates and is organized to serve markets that can comfortably afford the new product or service, and is thus designed to create financial profit. From the outset, the expectation is that the entrepreneur and his or her investors will derive some personal financial gain. Profit is sine qua non, essential to any venture’s sustainability and the means to its ultimate end in the form of large-scale market adoption and ultimately a new equilibrium.”

[3B] Roger Martin & Sally Osberg



“The social entrepreneur, however, neither anticipates nor organizes to create substantial financial profit for his or her investors – philanthropic and government organizations for the most part – or for himself or herself. Instead, the social entrepreneur aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large... the social entrepreneur’s value proposition targets an underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own.”

[3B] Roger Martin & Sally Osberg

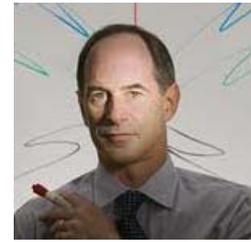


“We define social entrepreneurship as having the following three components:

(1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own...

Examine your own work; what is this equilibrium?

[3B] Roger Martin & Sally Osberg

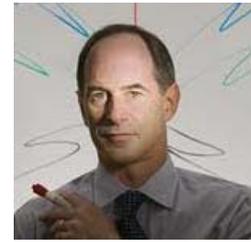


“We define social entrepreneurship as having the following three components:

(2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state’s hegemony...

Examine your own work; what is the opportunity and social value proposition?

[3B] Roger Martin & Sally Osberg



“We define social entrepreneurship as having the following three components:

(3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large.”

Examine your own work; what is the new equilibrium?

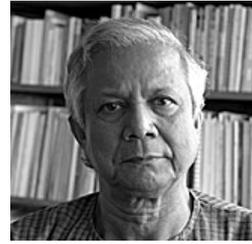
[3B] Roger Martin & Sally Osberg



“But unless it is designed to achieve large scale or is so compelling as to launch legions of imitators and replicators, it is not likely to lead to a new superior equilibrium... they should not be confused with social entrepreneurship.”

How do you feel about that?

[3B] Muhammad Yunus

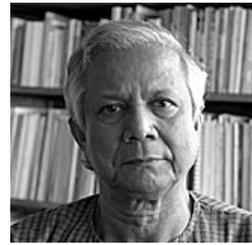


“In the capitalist system, two extreme types of corporate bodies can be distinguished. On the one hand, companies can be seen as profit-maximizing businesses, whose purpose is to create shareholder value. On the other, non-profit organizations exist to fulfill social objectives. ... A social business borrows from both these entities: it has to cover its full costs from its operations, and its owners are entitled to recover their invested money, but it is more cause than profit-driven.”

What is “shareholder value”?

What is a “social objective”?

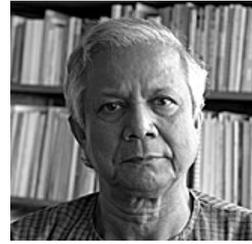
[3B] Muhammad Yunus



“When you are running a social business, you think and work differently than if you were running a charity, even though your objective is different from a profit-maximizing company. At the same time as trying to achieve their social objective, social businesses need to recover their full costs so they can be self-sustainable. Their owners never intend to make profits for themselves (there are no dividends), but they are entitled to get their money back if they wish.”

Explain this. What profit is he referring to – a salary?
Something more?

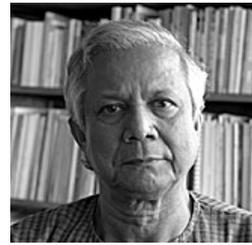
[3B] Muhammad Yunus



“Lesson 1: Challenging conventional wisdom... Grameen Bank’s business model therefore challenges several standard banking assumptions, including the beliefs that loans cannot be granted without collateral and that ‘entrepreneurship’ is a rare quality among the poor.”

What is the conventional wisdom that you are challenging and disrupting?

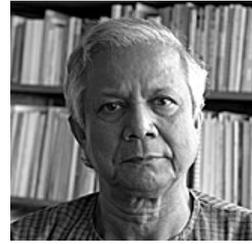
[3B] Muhammad Yunus



“Lessons 2: Finding complementary partners... The main advantage of collaborative agreements lies in the pooling of resources and knowledge leveraged by the partners, which may in turn lead to the development of a broader portfolio of resources for firms in the network.”

Who are your potential partners? What are you doing to engage with them?

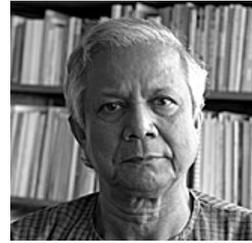
[3B] Muhammad Yunus



“Lesson 3: Undertaking continuous experimentation... the fundamental nature of business model innovation means that simple market studies or client surveys are inefficient and not very useful: the people surveyed are unable to project themselves into this ‘radical newness.’”

What does this say about things like focus groups or contextual research?

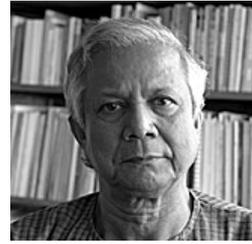
[3B] Muhammad Yunus



“Lesson 4: Favoring social profit-oriented shareholders... In building social business models, the value proposition and the value constellation must be constructed through innovative links between all stakeholders, including shareholders.”

What does this mean? When will it be relevant to you?

[3B] Muhammad Yunus



“Lesson 5: Specifying social profit objectives clearly... while financial profit is implicit in conventional business model innovation, social business models need to define their objectives clearly.”

How do you relate your objective to your research?



Social Business

In groups of two or three, synthesize these readings into a single cogent argument of no more than five sentences. [Fifteen Minutes]