

**NEW YORK UNIVERSITY**  
**ROBERT F. WAGNER GRADUATE SCHOOL OF PUBLIC SERVICE**  
**PADM-GP.2312**  
**MANAGING FINANCIAL & SOCIAL RETURNS OF THE SOCIAL ENTERPRISE**  
*Spring, 2017*  
**Mondays, 4:55 PM – 6:35 PM, Bobst LL138**

Professor Scott Taitel

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Office Hours, 3070 Puck, Tuesday and Wednesday 3 – 4 PM

**Description of Course:** This course will explore best and evolving practices in the financial management and impact measurement of social enterprises. The class will be taught from the perspective of the social entrepreneur and social enterprise manager and introduce cases to assess financial challenges, fiscal performance and financing strategy of pioneering firms with a social mission. We will explore trends, successes and failures in managing enterprises to achieve both financial and social returns. Measuring social impact *in tandem with financial performance* will be a core component of the course with topics including triple bottom line accounting, impact measurement, impact reporting and correlation between operating performance and impact sustainability. Students will be introduced to accounting and reporting methods necessary to responsibly calculate and communicate financial and social returns to investors and stakeholders. This course will delve into the financial, operational and strategic management of social enterprises in domestic and international settings including developing nations and will explore numerous sectors including smallholder agriculture, energy, BoP healthcare, and low-income financial services.

**TEXT**

Kickul, J. and Lyons, T. (2016) *Understanding Social Entrepreneurship*, Routledge  
(references to Text in Syllabus refer to this book)

**SECONDARY TEXT**

Martin, R., Osberg, S. (2015) *Getting Beyond Better: How Social Entrepreneurship Works* (part of Supplemental Case Pack noted below)

**SUPPLEMENTAL CASE PACK**

See instructions for downloading at conclusion of syllabus. All cases and readings are in the Harvard pack unless noted otherwise.

**GRADING**

Your course grade will be determined as follows:

Active Class Participation	10%
Case Question Homework	15%
Mid-Term Case	35%
Project	40%

**Note:** *Syllabus subject to change depending on availability of guest lecturers*

**Part I Structuring of the Social Enterprise**

**Text: Chapters 1, 2 & 6**

Class 1 (Jan 23): Case: Child in Need Institute: Non-Profit or Hybrid?

Provides an introduction to the relevance, formation and evolution of social enterprise, and the financial shift from a NGO to a social business particularly in light of scarcity of continued donor funding. Case will include development of a spreadsheet business model.

[Spreadsheet Model due February 6, 2016](#)

Class 2 (Jan 30): Case: Acceso Oferta Local - A New Approach to Social Enterprise Creation (provided by Instructor via Classes)

Focuses on the aftermath of a social enterprise's failure due to improper key performance indicators and creation of a new follow-on enterprise aligning both financial and social returns.

[EBITDA and BIROI Memo due February 13, 2016](#)

Class 3 (Feb 6): The Tale of Two Bakeries

Case: IBAKERY: How a Hong Kong NGO ventures into Social Enterprise

This case focuses on structuring the financial operations of Social Enterprises, how they attempt to strike a balance on both economic and social goals.

Case: Greyston Bakery: Combatting Poverty by Making a Profit (See Classes) and Greyston 2015 Annual Report (see Classes)

The case features New York State's first Benefit Corporation.  
Co-lecturer: Bulbul Gupta

Note: Should Nonprofits Seek Profits?

## Part II

### Financing the Social Enterprise

**Text: Chapters 5 and 7**

Class 4 (Feb 13): Case: Nuru Energy (A): Financing a Social Enterprise

The case explores the challenges involved in developing a social enterprise with a dual aim of turning a profit and making a social impact. It focuses in particular on assessing multiple financing options and their implications and looks at the different business model alternatives - market-based and donor-based.

Article: The Emerging Capital Market for Nonprofits

Article: Making Hybrids Work: Aligning Business Models and Organizational Design for Social Enterprises

Class 5 (Feb 27): Case: DePaul Industries in 2012: Financing Growth in a Social Venture

Case focuses on the centrality of cash flow to strategic decision-making and survival and explores tensions between profitability and social welfare missions facing hybrid social ventures (organizations with social welfare and commercial goals).

Article: A New Approach to Funding Social Enterprises (see Classes)

Class 6 (March 6): **Take Home Mid-term Cases-**

Case: Women's Community House and Mine101: Is Social Enterprise Worth It?

Case: Steve Mariotti and NFTE

[Mid-Term Case due March 6th – Instructions to be provided](#)

### Part III

### Financial Management of the Social Enterprise

**Text: Chapters 9 and 11**

Class 7 (March 20): Case: Catch a Falling STAR: Sustainable Financing for a BoP Hospital (WDI Case Pack)

Case assesses different financing mechanisms to achieve self-sustainability available to hospitals serving the BoP and identifies operational aspects of business models relevant to each of the financing options- both facilitators and barriers.

Class 8 (March 27): Case: Newman's Own, Inc.

Achieving sales targets and transitioning a company to a professionally managed commercial social enterprise

[Spreadsheet due April 3, 2017](#)

Class 9 (April 3): Case: Mountain Hazelnuts: Social Entrepreneurship in Bhutan

Explores challenges of operating an agro social enterprise that generates a financial return for investors, increases the cash income of participating farmers, and helps preserve rural communities, and improve the environment.

How to Attract VC Funders to Your Social Enterprise (See Classes)

Class 10 (April 10): Case: d.light Design: Marketing Channel Strategies in India

Overcoming challenges of limited capital, via revenue generation strategies that can succeed in the context of emerging-market distribution channel complexities.

Article: Social and Commercial Entrepreneurship: Same, Different or Both (See Classes)

## Part IV

### Correlating, Achieving, Measuring and Monitoring of Financial & Social Returns

**Text: Chapter 8 and 13**

Focus Note: Beyond Good Intentions: Measuring the Social Performance of Microfinance Institutions

[Measurement Tool Effectiveness Memo due April 17, 2016](#)

Class 11 (April 17): Case: Natura Cosméticos, S.A.  
Examination of how one of the world's largest B Corporations integrates financial and nonfinancial (environmental, social and governance) reporting

Note: Social Impact Measurement

Article: [Blended Value Proposition: Integrating Social and Financial Returns](#)

Article: [The Next Frontier in Social Impact Measurement Isn't Measurement at All \(see Classes\)](#)

Class 12 (April 24) Case: [Fundación Paraguaya \(A\), \(B\) and \(C\) \(WDI Case Pack\)](#)  
This case reviews the methodology for calculating Social Return on Investment (SROI) and the advantages and difficulties of its adoption.

Article: [The Double Bottom Line: Profit and Social Benefit](#)

Class 13 (May 1): Case: [B Lab and the Impact Assessment Evolution](#)  
Discussion of the opportunities and challenges connected with measuring the impact of private enterprises seeking to provide social and environmental benefits, and how to make those measurements useful to investors trying to determine the social and environmental ROI of these enterprises

Article: [Guidelines for Social Return on Investment](#)

Article: [Stanford Social Innovation Review- four-part series on impact investment and the role of metrics \(See Classes\)](#)

Article: [What Impact? A Framework for Measuring the Scale and Scope of Social Performance](#)

Reading: [Guidebook for Impact Investors: Impact Measurement \(See Classes\)](#)

Class 14 (May 8): **Projects Due**  
**Project Presentations**

## **PROJECT**

You may work in a team of up to 2 (requests will be considered for individual projects). You will select a concept for the creation of or the expansion of a social enterprise (either in the US or abroad) and develop a *financial plan* that will include the following: a) structural form of the enterprise (NGO, Hybrid, Corporation, etc.), b) funding/capitalization requirements, c) five-year projections with financial and social return goals (stated as double or triple bottom line accounting). Pro formas should include Profit & Loss, Balance Sheet and Cash Flow, d) break-even analysis, e) identification of risks to achieving both financial and social goals, f) mitigation plan to reduce risks.

The project will also include adoption/selection of existing appropriate metrics (standards) to monitor **financial and social returns** and the design of a ***new integrated metric that correlates financial and social return*** that will help advance the assessment of social enterprises within the sector of your selected enterprise. The document should be no more than 10 pages plus exhibits and you will be asked to create a five-slide pitch presentation to present your financial plan on the last class.

## **CASE PACKS ORDERING INSTRUCTIONS**

Harvard Business Case pack can be ordered at the following website:

<http://cb.hbsp.harvard.edu/cbmp/access/56804039>

WDI Case pack can be ordered as follows:

Step-by-step purchase instructions are below:

1. Go to: <http://wdi-publishing.com/>
2. Click on “**Students**” in the upper left-hand corner of the Home Page.
3. On the next page, enter your coursepack code (**pLcZN**) in the space provided and click GO.
4. You will be taken to a Registration Page. Under the NON-EDUCATOR heading, click on the PROCEED button.
5. Fill out all the required registration fields. Then click on APPLY at the bottom of the Registration Page.
6. You will be taken back to the Home Page where you should click on the CART ICON at the top of the page. (It should indicate 4 items in your cart which is the total number of different cases in your coursepack.)
7. On the Cart Page, confirm that the following 4 cases are displayed:
  - a. *Catch a Star: Sustainable Financing for a BoP Hospital* (1429173)
  - b. *Fundacion Paraguaya (A)* (1429216)
  - c. *Fundacion Paraguaya (B)* (1429217)
  - d. *Fundacion Paraguaya (C)* (1429218)
8. Click on CHECKOUT and fill out the billing information to complete your purchase.
9. Upon completion of your transaction, a pdf of each coursepack case will be available to you within the MY PURCHASES section of MY ACCOUNT.

**COURSEPACK CODE: pLcZN** (Lower case letter “p”; upper case letter “L”; lower case letter “c”; upper case letter “Z”; upper case letter “N”)

## **COURSE RULES AND REQUIREMENTS**

### 1. Absences

Attendance will be taken for each class. As active participation is an important element of your grade so is attendance. Any more than three absences will result in a 0 for the class participation portion of your grade. Please notify me by email prior to any class in which you will be absent or late.

### 2. Group Work

Several of the in-class case discussions will involve group work. You are expected to work cooperatively in such groups and to be an individual contributor to the group process. Group dynamics will be observed and will also contribute to the class participation portion of your grade.

### 3. Preparation

As stated in the syllabus, this is a case-oriented course. Therefore, coming to course having read the case is absolutely required. Students will be asked questions whether or not they offer to participate so make sure you have done your preparation.

### 4. Academic Honesty

Academic dishonesty will not be tolerated. Participation in cheating, forgery, and plagiarism are subject to disciplinary action.

### 5. Wagner School Policies

The course will be subject to all Wagner School policies including those regarding Withdrawals and Incompletes.