Syllabus for Online Course

Business Plans for Social Entrepreneurial Organizations

(Ofﬁered through University of the Paciﬁc’s CPCE and the Global Center for Social Entrepreneurship)

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Course Description

The purpose of this course is to aid students in understanding the importance of business plans for high impact social mission organizations, as well as to train students to construct business plans for social entrepreneurial organizations1, including social enterprises2 and non-proﬁt organizations that depend on unearned income.

Introduction

This course introduces the student to the importance, as well as the actual mechanics, of developing a business plan for a social entrepreneurial organization, whether it is a social enterprise or an organization that depends on non-earned income. The course will emphasize developing a business plan which integrates the organization’s social mission with its economic strategy.

In the past, “entrepreneurship” has been a term applied exclusively to private sector activities. In this course, however, we will be working from the perspective of a newly recognized kind of entrepreneurship – social entrepreneurship3 - in which innovative people and organizations strive to bring about social beneﬁt through systems-changing products and services and new organizational forms.

There are a growing number of talented, ambitious, and courageous individuals, known as social entrepreneurs4, who are creating initiatives designed to mitigate many of the world’s seemingly

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1 Social Entrepreneurial Organization: A social mission organization that brings about social change through direct, hands-on activity designed to bring about widespread, systemic change at the regional, national or international level. The Social Entrepreneurial Organization is usually led by an easily identiﬁable social entrepreneur. In short, a social entrepreneurial organization practices social entrepreneurship. (see deﬁnition of social entrepreneurship below).

2 Social Enterprise: A social mission organization which sells goods or services to offset all or part of its operational expenses. The commercial operation is often tied closely to its mission. (A social enterprise may be a “social entrepreneurial organization”, but it doesn’t have to be)

3 Social Entrepreneurship: The art of: (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; (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; and (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. (From R. Martin & S. Osberg, “Social Entrepreneurship: The Case for Deﬁnition” Stanford Social Innovation Review, Spring 2007, p. 35.)

4 Social Entrepreneur: Someone who targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity; who brings to bear on this situation his or her inspiration, direct action, creativity, courage, and fortitude; and who aims for and ultimately affects the establishment of a new stable equilibrium that secures permanent beneﬁt for the targeted group and society at large. (Deﬁnition formulated by Sally
intractable problems on a scale - and with far more ambition - than ever seen before. Their organizations are creating new models for social impact that are being advanced across the globe in what has come to be known as social entrepreneurship. In this course, we will explore in depth one of the key tools these people and their organizations use to plan and implement their objectives: the business plan.

The growing popularity of social entrepreneurship has led to greater interest in applying business skills to the management of social mission organizations in the U.S. and abroad. Evidence of this is the growing number of social entrepreneurship business plan competitions, such as the Global Social Entrepreneurship Competition at University of Washington’s Foster Business School, the Yale Entrepreneurial Society’s Annual Business Plan Competition (featuring a social entrepreneurship category) and the Social Entrepreneur Award (SEA) sponsored by McKinsey & Co. and Ashoka in Brazil, Colombia and Peru.

This course takes the perspective that business planning is just as essential for guiding social entrepreneurial organizations as it is for any organization (e.g., nonprofits, government agencies, and for-profit enterprises), at any stage of development, whose mission is social impact. Several examples of business plans developed by social enterprises will be available for review to give practical insight to the theoretical framework discussed.

Course Learning Objectives

The course is presented in two modules:

1. Introduction to Business Plans for Social Entrepreneurial Organizations
2. Developing a Business Plan for a Social Entrepreneurial Organization

Learning Objectives - Students should be able to:

- Describe the importance of business skills and business planning for social entrepreneurial organizations (both social enterprises and organizations that depend on non-earned income).
- Differentiate between a strategic plan and a business plan.
- Analyze the differences and similarities between a business plan for social entrepreneurial organizations and traditional commercial businesses.
- Describe why business plans for social entrepreneurial organizations are as valuable to nonprofits as they are to social business ventures.
- Determine how to integrate organizational mission and economic strategy in a business plan.
- List the essential components of a successful business plan for a social entrepreneurial organization.
- Create a business plan for a social entrepreneurial organization.

Student Responsibilities

Students will be expected to:

1. Complete the assignments corresponding to the online text. Assignments consist of reading the online text and viewing embedded videos, and answering corresponding end-of-chapter multiple choice questions. Each assignment is equally weighted. (40% of the total course grade)

2. Complete and submit ongoing assignments corresponding to the End of Course Project. These assignments will be part of the ongoing construction of the Business Plan to be developed by the student, and will be inputs for the End of Course project. (30% of the total course grade)

3. Complete End of Course Project. The end of course project consists of two parts:
   - A business plan to be presented at the end of the course (sections have been prepared during course, per point 2 above). See business plan outline in End of Course Project section of syllabus.
   - A condensed business plan in a Powerpoint format that demonstrates mastery of the course material (see details in End of Course Project section of syllabus). (30% of the total course grade)

4. Maintain the principles of the University Honor Code, which is intended to maintain and preserve the high standards of personal character and integrity vital in academic pursuits. The success of the Honor Code is made possible only with the acceptance and cooperation of every student. Each student is expected to maintain the principles of the Code.

A violation of the Honor Code may occur in one of the following areas:
   - Giving or receiving information from another student during an examination.
   - Using unauthorized sources for answers during an examination.
   - Illegally obtained test questions before the test.
   - Any and all forms of plagiarism (plagiarism is the misrepresentation of another person’s work as one’s own)
   - The destruction and/or confiscation of school and/or personal property.

Assessment and Grading Policy

The grading scale is as follows:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Range</th>
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<tbody>
<tr>
<td>A+</td>
<td>97 – 100</td>
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<tr>
<td>A</td>
<td>93 – 96</td>
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<tr>
<td>A-</td>
<td>92 – 90</td>
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<tr>
<td>B+</td>
<td>87 – 89</td>
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<tr>
<td>B</td>
<td>83 – 86</td>
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<tr>
<td>B-</td>
<td>80 – 82</td>
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<tr>
<td>C+</td>
<td>77 - 79</td>
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<tr>
<td>C</td>
<td>73 - 76</td>
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<tr>
<td>C-</td>
<td>70 - 72</td>
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<td>D+</td>
<td>67 - 69</td>
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<td>D</td>
<td>63 - 66</td>
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<tr>
<td>D-</td>
<td>60 - 62</td>
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<td>F</td>
<td>59 and below</td>
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Learning Materials
• **Class Material** – Online text, written by social entrepreneur and Visiting Professor Martin Burt, covers the main course topics and concepts.

• **End of Chapter Questions** – Multiple Choice Questions follow each online chapter to help students focus on the main points and demonstrate mastery and analysis of material.

• **Videos** – Several sections of the online text involve viewing videos which give students the opportunity to view expert opinions on business planning for organizations that practice social entrepreneurship, as well as witness practitioners discuss new business models for social mission organizations. These videos will be analyzed as part of the end of chapter questions.

• **Case Studies** – Actual business plans of social entrepreneurial organizations are presented in the course to provide students with examples of business plans of real social enterprises.

• **Required Reading** - In addition to the online text, students taking this course will be required to read selected chapters of the following:


  Students will also read:

  - Harris, Hank “Business Plan or Strategic Plan: What’s the Difference” (2008), download at: http://webenhanced.lbcc.edu/gbusmm/mmresources/coursedocs/articles/Biz_or_Strat_plan.htm


For additional information, students may also download and review the following sample business plans of social enterprises:


End of Course Project

The end of course project will consist of the submission of a business plan for a social mission organization (real or imaginary, existing or start-up). The presentation will represent the synthesis, and demonstrate the application, of the knowledge acquired during the course.

The business plan will be for a social entrepreneurial organization (i.e. direct, hands-on action, with the intention of eventually scaling up its impact to the national or international level.) The organization can be a social enterprise (sells a good or service to cover all or part of its expenses), an organization that depends on un-earned income (i.e. grants, donations, sustainable fundraising programs), or a for-profit social business venture (makes money for its owners while solving a social and/or environmental problem).

The end of course project consists of two parts:

1. The final version of the Business Plan for a social mission organization. Students will prepare and submit sections of this plan during each week of the course, using the business planning process outlined in the course. This document should include the following sections:

   1. Need and Opportunity Analysis
   2. Target Social Problem
   3. Vision of Success of the Organization
   4. Mission Statement of the Organization
   5. Target Mission Returns and Target Financial Returns for the venture
   6. Business Model Defined
   7. Explanation of how proposed venture is consistent with the organization's mission
   8. Description of proposed venture's innovation
   9. Strategy to serve the market
   10. Sustainable advantage
   11. Installed capacity required to successfully implement venture
   12. Team and Governance
   13. Operations Plan
   14. Current financial condition of the organization
   15. A description of income streams (including donations and fundraising plan) and sales targets for the first 3 years
   16. Break-even analysis
   17. Cash flow estimates by month for the first year, by quarter for years 2 and 3
   18. Projected income and expenses by month for the first year, by quarter for years 2 and 3 (including donations, if applicable)
   19. Statement of expected mission and financial returns of venture (after analyzing financial projections)
   20. Statement of Risk, Risk Mitigation, and Exit Strategy
   21. Explanation of how proposed venture will be taken to scale
   22. Business Plan Goals and Objectives with a Time Line for proposed venture
   23. Explanation of how social impact of venture will be monitored and measured

2. A condensed business plan for the same social mission organization, in a Powerpoint format, for a “Road Show”, designed to convince social investors to invest in the initiative.

The presentation should be approximately 20-25 slides summarizing the main points of the business plan, which can be used for a “road show” to raise funds/investment from a social investor.
The following business plan components should be included in the Powerpoint presentation:

1. Target Social Problem
2. Vision of Success of the Organization
3. Mission Statement of the Organization
4. Target Mission Returns and Target Financial Returns for the venture
5. Business Model Defined
6. Explanation of how proposed venture is consistent with the organization's mission
7. Description of proposed venture's innovation
8. Strategy to serve the market
9. Sustainable advantage
10. Installed capacity required to successfully implement venture
11. Team and Governance
12. Operations Plan
13. Current financial condition of the organization
14. A description of income streams (including donations and fundraising plan) and sales targets for the first 3 years
15. Break-even analysis
16. Cash flow estimates by month for the first year, by quarter for years 2 and 3
17. Projected income and expenses by month for the first year, by quarter for years 2 and 3 (including donations, if applicable)
18. Statement of expected mission and financial returns of venture (after analyzing financial projections)
19. Statement of Risk, Risk Mitigation, and Exit Strategy
20. Explanation of how proposed venture will be taken to scale
21. Business Plan Goals and Objectives with a Time Line for proposed venture
22. Explanation of how social impact of venture will be monitored and measured
23. "The Pitch": What do you want potential investors to do after they see your presentation?

**Glossary**
A Glossary of useful terms can be found at the end of the online text.

**Resources**
A list of websites, organizations and initiatives that create and disseminate knowledge on business planning for social entrepreneurial organizations, and/or support social entrepreneurial organizations that incorporate business skills into their organizations are presented in the Additional Resources section at the end of the online text. Websites of business plan competitions for social entrepreneurial organizations are also included in the online text.

In addition, the course website has a Resources section where assigned articles can be found.
# Course Content

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<thead>
<tr>
<th>Week 1: October 14 - October 20</th>
<th>Class Content: Students will analyze:</th>
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<tbody>
<tr>
<td></td>
<td>- Why business planning is important for organizations whose primary mission is social impact (including charities, hybrid non-profits, and social business ventures).</td>
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<td>- The purpose of a business plan for a social entrepreneurial organization: formal establishment of goals, and how it will generate reliable streams of income.</td>
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<td>- The difference between a for-profit business plan and a nonprofit business plan.</td>
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<td>- How social entrepreneurs increasingly blur the boundaries between the nonprofit and for-profit sectors, and the subsequent opportunities and issues raised by this blurring.</td>
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<td>- Mission performance as the &quot;bottom-line&quot;.</td>
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Students will also analyze the fundamental differences between strategic plans and business plans.

## Assigned Reading:
- Course Description and Introduction
- Chapter 1.1 - Why is Business Planning Essential for Social Entrepreneurial Organizations?
- Chapter 1.2 - Some Issues to Consider Before Getting Started
- View embedded videos in above chapters
- Also read: Harris, Hank “Business Plan or Strategic Plan: What’s the Difference”, at: http://webenhanced.lbcc.edu/gbusmm/mmresources/coursedocs/articles/Biz_or_Strat_plan.htm

## Assessment:
- Chapter 1.1 Multiple Choice Questions due October 20.
- Chapter 1.2 Multiple Choice Questions due October 20.

<table>
<thead>
<tr>
<th>Week 2: October 21 – October 27</th>
<th>Class content:</th>
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<tbody>
<tr>
<td></td>
<td>Students will:</td>
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<tr>
<td></td>
<td>- Review the process involved in getting ready to write a business plan, including the selection of a business plan working group, establishing a stakeholder update process, creating a work plan and approval dates, and conducting a gap analysis.</td>
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<td></td>
<td>- Explore the essential components of a well-written business plan for a social entrepreneurial organization</td>
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<td>- Learn about and develop the following draft sections of their business plan:</td>
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<tr>
<td></td>
<td>- Need and Opportunity Analysis</td>
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<tr>
<td></td>
<td>- Target Social Problem</td>
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<td>- Vision of Success of the organization</td>
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</table>
**Class Content:**
Students will learn about the following sections of a social mission organization business plan:

1. Description of the current operating model of the organization (if applicable)
2. General Risk Willingness Analysis of the organization
3. Business Model Defined
4. Summary of Idea Generation process and selection of Proposed Venture
5. Explanation of how proposed venture is consistent with the organization’s mission

**Assigned Reading:**
- Chapter 2.2 Defining the Social Impact Model, sections C and D.
  (Writing the Organization's Mission Statement and Deciding on Target Mission and Financial Returns)
- Rob Johnston "Defining Your Mission" in *Enterprising Nonprofits*, p. 19-27 (located in Resources section of course website)

**Assessment:**
- Prepare and submit the Mission Statement, Target Mission Returns, and Target Financial Return of the chosen social mission organization, **due November 3.**
- Chapter 2.2 Multiple Choice Questions (Part 1) **due November 3.**
6. Description of proposed venture’s innovation

**Assigned Reading:**

- Chapter 2.2 of online text, sections E and F (Description of the Current Operating Model of the Organization and Defining the Social Impact Strategy of the Organization)

**Assessment:**

1. Chapter 2.2 Multiple Choice Questions *(Part 2)* due November 10.

2. Prepare and submit the following 3 sections of the business plan for the chosen social mission organization, due November 10:
   - Business Model Defined
   - Explanation of how proposed venture is consistent with the organization’s mission
   - Description of proposed venture’s innovation

To prepare the sections above, students should refer to the following sources:

- Chapter 2.2 of online text, sections E and F (Description of the Current Operating Model of the Organization and Defining the Social Impact Strategy of the Organization)
- Brinckerhoff, p. 33 - 36 and pp. 50-56
- Section “Key Issues and Challenges to Consider Before Implementing a Business Venture” in Chapter 1.2 of online course.
- “Scaling Social Impact”, Chapter 2.2 of online course “Introduction to Social Entrepreneurship” located in Resources section of course website.
- Brinckerhoff, pp. 44-46.
- “Operational Models of Social Entrepreneurial Organizations” (located in Resources section of course website).

**Week 5:**

**Class Content:**

Students will review the basic components of a business plan for a social entrepreneurial organization, analyze how the Implementation Strategy is inserted into the business plan document, and become familiar with the basic financial statements which should be presented in the final business plan document.

Students will review the importance of strategies to implement business plans in a timely manner, as well as ongoing monitoring of the business plan once it is being carried out.

Students will also have the opportunity to review actual business plans of social enterprises.

**Assignments:**

- Chapter 2.3 - Writing up the Business Plan Document - Step 3.
- View embedded videos in Chapter 2.3
- Chapter 2.4 - Putting the Business Plan into Action
- View embedded videos in Chapter 2.4
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<tr>
<th>Assessment:</th>
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<tbody>
<tr>
<td>Chapter 2.3 Multiple Choice Questions, <strong>due November 17</strong>.</td>
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<tr>
<td>Chapter 2.4 Multiple Choice Questions, <strong>due November 17</strong>.</td>
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<th>Week 6: Nov. 18 – Nov. 24</th>
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<tr>
<td><strong>Class Content:</strong></td>
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<tr>
<td>Students will:</td>
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<tr>
<td>1. Learn about the steps involved in preparing both a preliminary and a final feasibility study of a venture.</td>
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<tr>
<td>2. Draft portions of the Implementation Strategy of their proposed venture.</td>
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**Assigned Reading:**
To prepare to draft the Implementation Strategy of the proposed venture, read:

1. Chapter 2.2 of online text (Re-read Section F, sections on preliminary feasibility study and final feasibility study, following footnote 71.)
2. Review again in Chapter 2.3, the sections a-f of the section on Implementation Strategy.
3. Review again Chapter 2.3 of online text, Operations Plan section, just above footnote 10.
5. Bottom of p. 82 to top of p. 91 of Brinckerhoff book.

**Assessment:** Students will prepare and submit the following products, **due November 24 (assignment may be submitted early for those who will be traveling during Thanksgiving holiday):**

- A detailed description of the **Implementation Strategy** of their proposed venture, including:
  - a. Strategy to serve the market
  - b. Sustainable advantage (what advantage does your venture have over the “competition”, and how can that advantage be sustained over time?)
  - c. Installed capacity required to successfully implement the venture and/or organizational capacity building required to implement venture.
  - d. Team and Governance
  - e. Operations Plan
  - f. Current financial condition of the organization

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<th>Week 7: Nov 25 – Dec 1</th>
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<tr>
<td><strong>Class Content:</strong></td>
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<tr>
<td>Students will learn about the following financial documents which are an integral part of a social mission organization business plan, <strong>as detailed in Brinckerhoff:</strong></td>
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- g. Financial plan for proposed venture:
  - i. Sources and applications of cash and capital (including donations, if applicable) (see p. 107 and Exhibit 7-5 on p. 108 Brinckerhoff)
  - ii. An equipment list
  - iii. A pricing estimate (see p. 99, p. 120 and pp. 132-133 Brinckerhoff) (after analyzing various costs involved in the operation)
iv. A list of start-up costs (p. 102-103 Brinckerhoff, Exhibit 7-8 on p. 111 Brinckerhoff, Exhibit 8-5 on p. 126 and Exhibit 9-2 on p. 149)

v. Operating Expenses (fixed costs and variable costs) (see p. 102 Brinckerhoff, and Exhibit 7-10 of p.113 of Brinckerhoff)

vi. A description of income streams (including donations and fundraising plan, if applicable, and sales targets for first three years) (see Support and Revenue section of Exhibit 7-6 on p. 109 of Brinckerhoff).

Students will read about how to prepare these documents in the pages of Brinckerhoff mentioned above.

To learn how to prepare the financial documents above, students should refer to the sources listed above as well as the sample financial statements in the example on pp. 108-146 of Brinckerhoff, for a proposed janitorial service which will employ disabled program beneficiaries, while producing income for the social mission organization involved.

Students will also review how to prepare the following financial documents, as detailed in Brinckerhoff:

vi. A break-even analysis (p. 104 and bottom of p. 133 and p. 136 Brinckerhoff)

vii. Cash flow estimates by month for the first year, by the quarter for years two and three (see Exhibit 7-9, p. 112 Brinckerhoff, and Exhibit 8-10 of Brinckerhoff, p. 131.)

viii. Projected income and expenses by month for the first year, by quarter for years two and three (including donations, if applicable) (this is also known as pro forma profit and loss statements - see Exhibit 7-10, p. 113 Brinckerhoff and Exhibit 8-14, p. 137 Brinckerhoff)

ix. Notes of explanation of the assumptions used for each of the sections above

x. First Year pro forma balance sheet (see Exhibit 7-7 on p. 110 of Brinckerhoff)

xi. Pro forma profit and loss statements (see p. 106-107 of Brinckerhoff and Exhibit 7-10 on p. 113 of Brinckerhoff)

To learn about the documents for the above sections of the business plan, students should refer to the sources listed above, as well as the sample financial statements in the example on pp. 108-146 of Brinckerhoff, for a proposed janitorial service which will employ disabled program beneficiaries, while producing income for the social mission organization involved.

Assessment: Prepare and submit the following, due December 1:
1. A description of income streams (including donations and fundraising plan, if applicable, and sales targets for first three years) (see Support and Revenue section of Exhibit 7-6 on p. 109 of Brinckerhoff).

2. A break-even analysis (p. 104 and bottom of p. 133 and p. 136 Brinckerhoff)

**Week 8:**

**Dec 2 – Dec 8**

**Class Content:**

Students will learn how to prepare additional documents for the Financial Plan of their proposed venture, and will finish up and submit the End of Course Project.

**Assignment:**

Students will also review how to prepare the following business plan sections for their venture:

- Statement of expected mission and financial return of venture (after analyzing the financial projections, the working team will be able to ascertain whether the target mission return and financial returns submitted earlier can be reached).
- Statement of Risk, Risk Mitigation, and Exit Strategy (see point 8, online Chapter 2.3, as well as "Creating Exit Strategies", pp. 156-157 of *Enterprising Nonprofits* - in Resources section of website - and Wolk and Kreitz, pp. 49-50)
- Explanation of how proposed venture will be taken to scale (see Section p9. How the Model/Venture Will be taken to Scale, online Chapter 2.3 )
- Business Plan Goals and Objectives with a Time Line for proposed venture (see point 11 of online Chapter 2.3 and Wolk and Kreitz pp. 63-67)
- Explanation of how social impact of organization will be monitored and measured (see section 10 of Chapter 2.3, How Social Impact of the Organization will be Monitored, and Wolk and Kreitz, pp. 44-48)

**Assessment:**

1. Prepare and submit the following financial documents for the social mission organization chosen, due December 7:

   - Statement of expected mission and financial return of venture (after analyzing the financial projections, the working team will be able to ascertain whether the target mission return and financial returns submitted earlier can be reached).
   - Statement of Risk, Risk Mitigation, and Exit Strategy
   - Explanation of how proposed venture will be taken to scale
   - Business Plan Goals and Objectives with a Time Line
   - Explanation of how social impact of organization will be monitored and measured

2. Submit End of Course project, due December 8:
a. Final version of the business plan (see p 5 of syllabus for outline)

b. Powerpoint presentation for potential investors: (Presentation not to exceed 25 slides). This presentation should represent the culmination and synthesis of the business plan inputs developed during the 8 weeks of the course. The outline for the presentation can be found in the End of Course Project section of the online text, and on page 6 of this syllabus.

(See an example of a Powerpoint business plan presentation of the Fundacion Paraguaya agricultural school by going to: http://www.fundacionparaguaya.org.py/index.php?c=323&i=1 and clicking on “Fundación Paraguaya Self-Sufficient Agricultural School Business Plan 2005”.)

Note: The Fundacion Paraguaya Powerpoint presentation does not follow exactly the same outline as the business plan Powerpoint presentation assigned in this course. It is included for informational purposes only.