

Social entrepreneurs believe they can make the world a better place.

MISSION POSSIBLE

Social entrepreneurs are not content just to give a fish or teach how to fish. They will not rest until they have revolutionized the fishing industry.

—BILL DRAYTON, founder and CEO of Ashoka, a global nonprofit organization devoted to developing the profession of social entrepreneurship

AT THE PEAK OF HIS CAREER AS CEO OF Bain & Company, Tom Tierney (MBA '80) quit his job to form a nonprofit professional services organization. Frustrated by the plodding pace of Alzheimer's research, venture-capitalist Henry McCance (MBA '66) cofounded a consortium to tap the best minds in genetic research. Fresh out of HBS, Cindy Ko (MBA '05) joined a nonprofit economic-development organization dedicated to supporting entrepreneurs in emerging markets.

Although their missions are different, these three alums share a common inspiration. Each chose to pursue an opportunity to create and spread innovative solutions to some of society's most pressing problems. In doing so, they joined a groundswell of interest in social entrepreneurship.

Just as entrepreneurs spot missed opportunities in business and mobilize to exploit them, social entrepreneurs see opportunities to become change agents for society by creating pattern-breaking approaches and sustainable solutions, explains HBS lecturer Stacey Childress. Unlike business entrepreneurs who are motivated by profits, social entrepreneurs are motivated to improve society. Despite this difference, social entrepreneurs are just as innovative and change-oriented as their business counterparts.

Among academic institutions, HBS staked an early interest in the area by creating the Social Enterprise Initiative (SEI) in 1993, dedicated to

developing unparalleled research and teaching aimed at creating social value in the nonprofit, private, and public sectors. Over the years, interest among faculty and students has steadily grown, says Childress, who served as SEI's executive director for four years before joining the faculty. Since the initiative's inception, the number of faculty involved has increased more than sixfold to 65. The School now offers seven elective social enterprise courses and lists thirteen more as social enterprise-related. Since 2000, enrollment in these electives has more than doubled to some 400 students. Over the same period, enrollment in social enterprise Executive Education programs has grown by 25 percent to 330 participants.

Looking back over the past decade, Childress detects a growing interest among young alums in starting or joining an organization dedicated to social change. "The attitude is that this isn't something you wait to do later in life, and that's a change," says Childress.

Why the shift in attitude? "Some people point to 9/11 as creating a heightened awareness of the world as an interconnected system and spurring a search for meaning," observes Childress. "It may also be generational. Social entrepreneurship may be this generation's Peace Corps," a manifestation of rekindled social idealism.

HBS professor Rosabeth Moss Kanter, an SEI faculty member, has another explanation rooted in

DAVE CUTLER

by Roger Thompson, with profiles by Margie Kelley



the nation's ongoing leadership crisis in business and government. "If institutions don't operate by a set of values and principles, then people of character find other ways to make their contributions," says Kanter. Today, many people in their thirties and forties view social entrepreneurship as their way to make a difference. "They have chosen to change society not by running for elective office but by starting social enterprises that create direct action," she adds.

Of course, many alums will continue to follow the more traditional path of doing well professionally before taking up social entrepreneurship in later life. A generation of economic prosperity has made it possible for an increasing number of financially secure individuals, including many HBS graduates, to invest in new ways of solving old problems.

The five social entrepreneurs featured below are a representative sample of the scores of alums who have dedicated themselves to creating or working for organizations that are catalysts for social change. In their own way, each delivers a message of hope for a better world where no social mission is impossible.

CINDY KO (MBA '05)

ENDEAVOR

www.endeavor.org

"We take it for granted in the United States that there are people you can turn to for advice about entrepreneurship," says Cindy Ko, vice president of international expansion at Endeavor, a nonprofit economic-development organization based in New York. "But in a lot of developing countries, being an entrepreneur can be extremely lonely."

That began to change in 1997, when Endeavor was founded to spur economic growth in emerging and developing markets, initially in Latin America. It now has offices in India, South Africa, and Turkey, with plans to set up shop in more countries in Asia, Africa, and the Middle East.

"At Endeavor, we believe that real economic change and growth — not just poverty alleviation — happen through entrepreneurs who are doing innovative things in their industry, country, or even globally," says Ko.

Endeavor uses a rigorous screening process to pick entrepreneurs with high-impact potential. "Each year we take only about five to twelve entrepreneurs per country," says Ko. Once chosen, Endeavor provides "anything and every-



POSITIVE IMPACT: With help from Endeavor, Drillco Tools has become a leading designer and producer of mining equipment in Santiago, Chile.

thing" that they need to succeed. For example, if they need financing, Endeavor introduces them to its network of angel investors, banks, and venture-capital firms. "Having the Endeavor seal of approval carries a lot of weight with investor groups," Ko explains. In addition, Endeavor has created partnerships with companies like The Boston Consulting Group, Citibank, Ernst & Young, and Goldman Sachs to provide consulting and financial advisory services.

"Each corporate partner donates a certain number of pro bono hours to Endeavor a year, and our offices allocate that to the entrepreneurs," says Ko, who worked as an analyst at Goldman Sachs before heading to HBS in 2003. "It's a win-win partnership, with our entrepreneurs benefiting from world-class advice and our partners getting the opportunity to develop their staff through exciting work with high-growth businesses in emerging markets."

Endeavor has created a new model for how nonprofits can assist for-profit organizations, says Ko. "When we started in Latin America, it was an unproven approach. But we were very successful there, and the board said, 'Let's take it worldwide.'"

Ko has helped to do just that. Endeavor already has assisted nearly 300 entrepreneurs in nine countries. Ko is now charged with scoping out new locations so that Endeavor can continue to broaden its reach and impact.

Having worked at Endeavor as an HBS Leadership Fellow after graduation, Ko had no doubt that she wanted to stay on past her fellowship year. "I really believe you need to be passionate about what you do. Being intimate

involved in international business where innovation is happening really excites me. I love emerging markets.”

TOM TIERNEY (MBA '80)

THE BRIDGESPAN GROUP

www.bridgespangroup.org

“The idea may have seemed irrational at the time, but I couldn't imagine not doing it,” recalls Tom Tierney (MBA '80) of his decision to resign as chief executive of Bain & Company in 2000 to help launch an unproven idea for a nonprofit.

“During the 1990s, we'd been asking how Bain could use its core competency to serve society,” says Tierney. “That led to a business plan in 1996, which became a reality in early 2000.”

That plan created the Bridgespan Group, a nonprofit professional services organization cofounded by Tierney and Jeff Bradach, then a member of the HBS faculty and now Bridgespan's managing partner. The organization works to boost the performance of nonprofits and foundations, thereby improving their ability to generate social impact.

“Bridgespan exists to apply the best thinking to the task of building stronger and more effective nonprofit organizations,” says Tierney. “Think of it as a Bain & Company for the nonprofit sector.”

Bridgespan's services focus on three main objectives: to increase social impact through general management consulting; to engage talented leaders through Bridgestar, a nonprofit executive recruiting service leveraged by technology; and to create a robust source of knowledge from those activities that can be shared freely — and free of charge — with others.

“The vast majority of Bridgespan's clients have strong leadership and high-growth potential, but they need access to high-quality professional services to help them achieve their objectives,” Tierney says. “Bridgespan and Bridgestar tend to work with organizations with annual gross receipts between \$1 million and \$30 million. Larger organizations — higher ed, health-care systems, arts groups — typically have access to other resources.”

The Bridgespan Group is experiencing the effects of the explosive growth in the nonprofit world. “There is tremendous demand for our services based on the dramatic expansion of the nonprofit sector both in financial terms and in the number of organizations,” explains Tierney. “More foundations and businesspeople are entering the sector, and we're seeing increased emphasis on a nonprofit organization's ability to deliver excellent and sustained results.”

Since its inception in Boston, the Bridgespan Group has

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added an office in San Francisco with another slated to open this month in New York City. It has grown from the cofounders to more than 100 employees who, between the consulting practice and Bridgestar, have worked on more than 200 client engagements.

In the decade ahead, Tierney sees Bridgespan confronting a new challenge: “How do we take what we do, collaborating with our many partners and clients, and increase our social impact one hundredfold? That's our next big aspiration.”

GERALD CHERTAVIAN (MBA '92)

YEAR UP

www.yearup.org

As a young Wall Street banker in the 1980s, Gerald Chertavian volunteered as a Big Brother, mentoring a nine-year-old boy who lived in a high-crime neighborhood on the East Side of Manhattan.

“I spent every Saturday with him,” says Chertavian. “I saw his perspective — the opportunities he didn't have, and the many talented young people there who didn't have a path into the mainstream of this country. I thought that was absolutely unacceptable.” The experience never left Chertavian, who wrote his HBS application essay about starting a school to close what he saw as an “opportunity divide.”

After HBS, Chertavian set that goal aside to cofound a successful software firm in England. By 2000, he'd sold it, moved his family back to Massachusetts, and started planning that school, now known as Year Up.

Headquartered in Boston with sites in three other cities, Year Up's mission is to help “disconnected youth” access real career opportunities through an intense year of training in professional and practical skills in information technology and financial services. The need is daunting. “There are nearly 4 million 18- to 24-year-olds out of work who don't have more than a high-school degree,” explains Chertavian.

Nearly 500 students now attend the full-time Year Up program while earning college credits and receiving a modest stipend. They then work in six-month apprenticeships with corporate partners like Bank of America, Freddie Mac,

Merrill Lynch, and Partners HealthCare. Upon graduation, Chertavian says, more than 85 percent of Year Up alumni find jobs in financial services or IT support.

Recognized twice by the Monitor Group and *Fast Company* magazine as one of the top socially entrepreneurial organizations in America, Year Up was started with private funding and is supported by corporate partnerships. Its business model is based in part on market demand for entry-level professional-service workers.

"Year Up wouldn't exist if it didn't provide value to corporations," says Chertavian. "The deficit in skilled workers is projected to reach 14 million over the next decade, and a lot of companies realize they would be well served to identify alternative sources of entry-level, knowledge-based workers. We address this shortage and also close the opportunity divide for many young urban adults."

Chertavian hopes to bring Year Up to four more cities in the next five years. "When you can combine a social challenge with a business need, you have a chance to really get a scalable sustainable model," he observes.

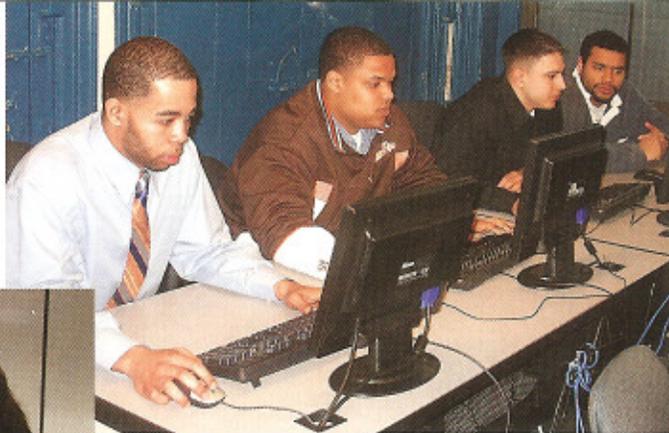
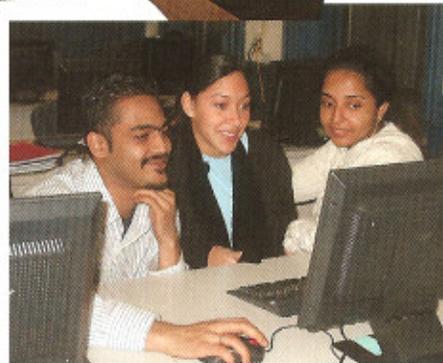
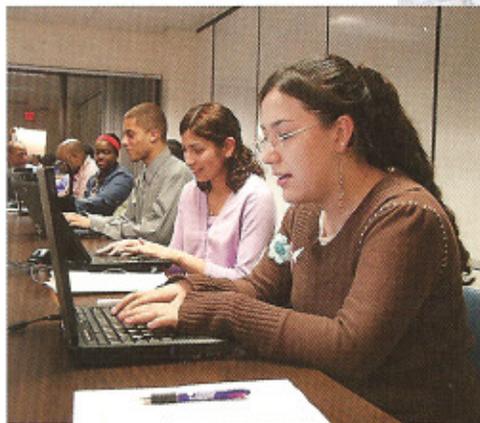
Running a nonprofit isn't that different from a for-profit company, he adds, except "we don't have rational capital markets in the nonprofit world. In the private sector, if you do well, people run to you with capital, hoping to get a piece of your increased corporate entity. Nonprofits that do well don't necessarily attract more capital. It's a challenge that we're addressing with an \$18 million capital campaign structured like an IPO." So far, says Chertavian, Year Up has managed to raise \$14 million — and counting.

CHARLEY ELLIS (MBA '63)

THE PARTNERS OF '63

www.partners63.org

In 2000, as Charley Ellis was preparing to retire from Greenwich Associates, the investment consulting firm he founded in 1972, his friend and HBS classmate Fred Joseph asked him what was next.



INTENSIVE TRAINING: Year Up provides young urban adults ages 18-24 with technical and professional skills, college credits, an educational stipend, and corporate apprenticeships leading to full-time employment.

"I said that I didn't know, but that I'd had a wonderful, happy life, and I wanted to do something to say thank you, America," recalls Ellis. When Joseph said he felt the same, the two decided to figure out how they might do just that.

The result was The Partners of '63, a nonprofit organization composed of graduates from the HBS Class of 1963 that provides pro bono consulting services to entrepreneurs in education, with an emphasis on young kids from difficult environments.

Launched in 2001 with 25 classmates, the group has grown to 100 members who are involved in a selected set of projects, giving advice, sharing contacts, and providing financial support.

"We took a venture-capital approach," explains Ellis. "We link up with gifted young people with good ideas and lots of drive who would like to partner with part-timers who have gray hair and lots of experience. We've each got a Rolodex that links us to people with senior positions in all kinds of organizations."

To participate in The Partners of '63, classmates are asked to make annual contributions — \$25,000 to be a senior partner, \$10,000 to be a partner, and \$630 to be a member. Or they are given the option to donate their time and talents to earn \$1,000-per-day credits toward their contribution.

"After they make their contribution, members get to choose where their money goes among the approved projects we sponsor," says Ellis, who serves as the managing partner. "They can designate the money, or let it accumulate over a few years and then choose."

In addition to financial resources, The Partners of '63 bring their broad and deep business experiences to bear for entrepreneurs who need guidance to grow, become financially stable, or increase their social impact.

Currently, seven programs benefit from the expertise of different classmates, including DonorsChoose, a Web-based system that allows anyone to donate funds directly to classrooms in underfunded schools to pay for specific projects

and supplies needed by the teachers. "That program was based on a great idea, but it was struggling when we heard about it," says Ellis. "We gave them advice on pricing and how to build demand, and now we're working with them on replicating the concept in several cities. It's on its way to being a truly national organization."

The New Teacher Project, a nonprofit that works with public schools to recruit high-quality teachers, is another group assisted by The Partners of '63. Since 1997, The New Teacher Project has recruited, prepared, or certified approximately 23,000 teachers, and established more than forty programs in 23 states.

To achieve its goal of being financially self-sustaining, The New Teacher Project charges school districts a fee for its consulting services. Starved for cash, it turned to The Partners of '63 to revamp its billing and collection process and soon became cash-flow positive.

Looking back over the past six years, Ellis regards The Partners of '63 as a success. "We're making and renewing friendships, having a lot of fun, and accomplishing a great deal," Ellis says. "By accident and good luck, we've got a model that really works."

HENRY McCANCE (MBA '66)

CURE ALZHEIMER'S FUND

www.curealzfund.org

When his wife was diagnosed seven years ago with the early stages of Alzheimer's disease, Henry McCance found himself searching for the best treatments in hopes of staving off the devastating illness.

"I went to all the best hospitals in Boston," recalls McCance, chairman and president of the Boston-based venture-capital firm Greylock Partners. "It was nearly 100 years after the disease was first identified, and yet the best physicians in town could only tell her to take three Advil a day, plus Vitamin E, plus a cholesterol-lowering drug that might help. That was pretty discouraging to me. With all the science and medical technology that we have, I thought we could do better."

That ultimately led McCance to launch the nonprofit Cure Alzheimer's Fund in 2004 with the help of two friends whose families are similarly affected by the disease — Jeff Morby (MBA '61) from Pittsburgh and Phyllis Rappaport from Boston.

McCance, who has been at Greylock for nearly forty years, says the Cure Alzheimer's Fund is applying a venture-capital approach to nonprofit philanthropy by providing targeted funding to the world's top researchers in the field in order to yield more effective results, faster.

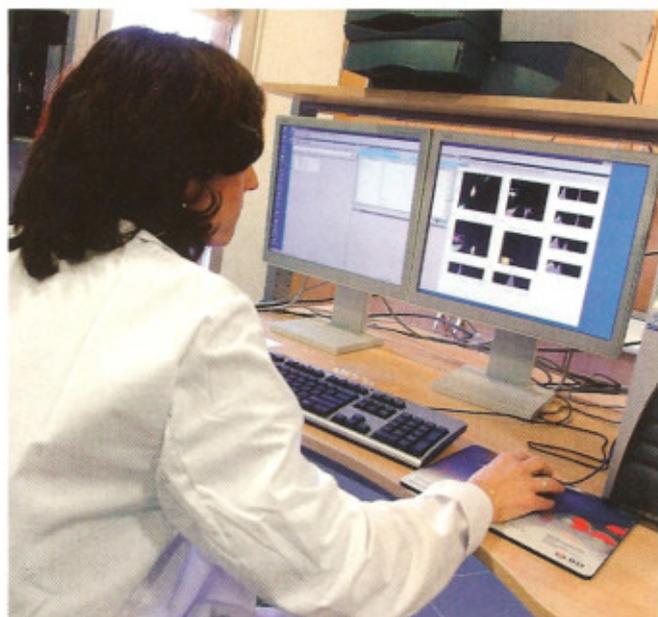
"The really great venture capitalists are not reactive, they're proactive," he says. "They identify the absolute best

thought leaders and back them."

At the Cure Alzheimer's Fund, McCance and his cofounders have formed a research consortium, tapping a national team of top geneticists, imaging experts, molecular biologists, and clinicians headed by Rudy Tanzi, Ph.D., director of the Genetics and Aging Research Unit at Massachusetts General Hospital, and professor of neurology at Harvard Medical School. The consortium has produced a research road map initially emphasizing the Alzheimer's Genome Project, which exclusively focuses on identifying the remaining genes believed responsible for the disease (four have already been identified), and then finding ways to slow, stop, or reverse it within the next decade.

"Rudy contends that if we can identify the other ten or twelve genes that are players, we can give the biotech industry so many more shots to come up with a therapy," explains McCance, who, along with his cofounders, is privately financing the operating costs of the organization so that all contributions — "100 cents of every dollar" — go to research. Since the fund's inception in 2004, that has meant \$3 million directly to Tanzi and researchers at six different academic institutions. McCance expects about \$6 million in donations will fund their work this year.

With that kind of focused funding and the aid of new research technologies and genetic information, Tanzi has hinted that the other Alzheimer's genes may be identified in as little as two years. "That's exciting," says McCance, though he knows there are no guarantees. But as a venture capitalist, he contends that "you have to dare to be great to do something that's transformational." □



BREAKTHROUGH RESEARCH: The Cure Alzheimer's Fund targets genetic research to accelerate the development of therapies.