

# The Schwab Foundation for Social Entrepreneurship<sup>1</sup>

Over the last 18 months, Pamela Hartigan's schedule has been hectic, to say the least. As Managing Director of the Schwab Foundation for Social Entrepreneurship, she has been jetting off around the world every month to spread the word about the importance of social entrepreneurship. The Foundation, which began operating less than two years ago, has developed quite a profile. "We have created a "positive buzz among social entrepreneurs," says Hartigan. People are interested in learning more about the Foundation's work—virtually every person she wants to meet with opens up time for her. One of the projects that the Foundation undertook, in cooperation with other partners, the creation of a social investment capital market, has taken off and is a few months away from being formally established as an independent organization. The Foundation's constituents—the Social Entrepreneurs that form part of the Schwab Foundation global network—have evolved into a tight-knit community and provide ongoing feedback about the Foundation's work. By listening and responding to their input, the Foundation has undergone a major strategic reorientation—which seems to be working well—so far.

However, Pamela is not someone to sit tight—"I can't deal with working in a bureaucracy. I've always been someone that comes in and wants to do new things, differently." However, Pamela's main concern right now is that "we are so focused on day-to-day operations that we haven't had time since we undertook this new strategic direction several months ago, to elaborate the performance indicators that will help us know whether we are being successful. Right now, we can feel we are doing things right—but that is not enough, of course. What are the benchmarks that will substantiate our "feeling" that we are doing the right things, as well making the best use of our opportunities with the resources we have?"

## Background Information

### ***Summer 2000—The Original Idea—The Million Dollar Award***

In the summer of 2000, Klaus Schwab asked Pamela Hartigan to become the Managing Director for the Foundation he and his wife, Hilde, were endowing in Geneva, Switzerland with funds derived from investments they had undertaken. Klaus and Hilde set up the Foundation with the purpose of raising awareness of the importance of social entrepreneurship to sustainable development. (See *Mission*). According to Schwab,

The Foundation has been a dream of ours for many years. My belief always has been that in the end, economic and social progress can only be achieved through entrepreneurship of all kinds. The Foundation enables us to encourage and foster entrepreneurs working for the public interest—to support them and provide them with access and funding to an

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international platform for experience exchange that they might otherwise lack. We wanted to create a mechanism from the bottom up. This approach differs from the approach of the World Economic Forum, which I founded 30 years ago. At the World Economic Forum, we have built global communities that convene every year at Davos and also in different regions, to search for joint solutions to crises or problems at the macroeconomic and geopolitical level. At the beginning of the 21<sup>st</sup> century, it becomes more evident that social progress cannot depend only on high level cooperation among global decision-makers, but also requires community-driven social entrepreneurship on a broad scale.

Inspired by the belief that entrepreneurship is as vital in other spheres of human endeavor as it is in business, the Foundation seeks to elevate the importance of social entrepreneurship by recognizing exemplary cases.

The centerpiece of the Foundation was to be a "Social Entrepreneurship Awards for the 21<sup>st</sup> Century"— a US\$ 1 million Award given to an individual and/or an organization spearheading social entrepreneurial initiatives that have significantly improved people's lives and have a potential to be replicated elsewhere. To develop the criteria and mechanics for granting the Award, the Foundation partnered with the Hauser Center for Non-Profit Organizations at the Kennedy School of Government, Harvard University. Defining social entrepreneurship was a task in itself. "One of the problems we have is that some assume that 'social entrepreneurship' is synonymous with 'entities of the civic sector,' simply by virtue of their commitment to social value generation, independent of any "entrepreneurial" approach in their activities," Hartigan commented early in the life of the Foundation. (For their definition of social entrepreneur, see *What is a Social Entrepreneur?*)

### ***Initial Process***

Based upon the criteria, the Foundation Secretariat developed the selection process for the future Award winner, which was approved by the Foundation's Board of Trustees (Exhibit 3). Hartigan and the staff at the Secretariat cast a wide net and selected nominators from around the world who would be well placed to identify outstanding social entrepreneurs. The Secretariat developed a detailed checklist to guide nominators in their assessment of the candidate being proposed. Nominators were confidential. Hartigan personally contacted via telephone the suitable nominees, inviting them to apply. Forty-three of them did so. Three outside reviewers screened each application. Based on the analysis of the external review, nine candidates were selected and Hartigan, her staff, and other independent parties conducted on-site due diligence on those nine candidates. For each one, an extensive report was prepared and presented to the Board for a final decision.

An additional component of the Foundation's strategy was the creation of networking opportunities. For example, a Summit for Social Entrepreneurs was to be held yearly at the Foundation's headquarters in Geneva, and social entrepreneurs were to be integrated within the activities of the World Economic Forum, wherever feasible.

It was clear from the beginning that the leadership of Klaus Schwab and his role as the World Economic Forum's Founder and President would give the Foundation a special platform. According to Schwab, "the Foundation will complement the activities of the world Economic Forum. The Schwab Foundation will draw on the knowledge and constituents of the World Economic Forum (WEF), but otherwise it is a completely separate legal and financial entity." In practice, this would, among other things, mean that the Award would be announced during the Annual Meeting of the World Economic Forum in Davos, Switzerland, and that social entrepreneurs would be included as participants in the Forum's activities. Further, the Foundation could leverage the linkages provided by the Forum's access to global leaders on behalf of social entrepreneurs and raise the profile of the field.

### ***November 2001—The Social Entrepreneurs' Summit***

During its first year, the Schwab Foundation received over 100 nominations for the award. After screening the applications, the Foundation identified 43 middle and late stage social entrepreneurs world-wide<sup>2</sup>. Among those 43, nine were identified as top contenders for the Award. The due diligence on-site visits took Hartigan and her colleagues literally around the world—four continents in four weeks!

To enhance the networking opportunities all the 43 candidates, including the nine finalists, were invited to a three-day Summit on Social Entrepreneurship, held in November 2001, in Geneva. While the Summit was to be a networking opportunity for the entrepreneurs themselves, for the Board of the Foundation, it provided an occasion for them to meet the candidates personally.

Well before the Summit, Hartigan and her colleagues had begun to question seriously the idea of one award. The world trip and site visits had only reinforced their misgivings. In some cases, a couple of the social entrepreneurs selected among the nine finalists proved to be not as stellar as their written material had indicated. The Foundation's Board faced some tough choices--among those who were clearly outstanding, how could the merits of such different achievements be compared? How could one of them be singled out over the others as being more socially entrepreneurial? They were just too different. Together with Klaus and Hilde, Hartigan and her colleagues began to debate the wisdom of the million-dollar award. Perhaps the million should be split among several? To them, it seemed that doing so would be the better option.

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<sup>2</sup> **Early stage** social entrepreneurship involves the initial work of conceiving, planning, launching, implementing and assessing an idea. Early stage innovations often remain local. Ashoka supports social entrepreneurs at this stage. **Middle stage** is characterized by expansion, organizational development, and deeper institutionalization of a successful innovation, and the innovation is being implemented on a broader scale, regionally or nationally. In **late stage** social entrepreneurship, the innovation is widely accepted as a new pattern in society. The impact can be clearly seen in many ways, and it has been disseminated to affect regional or international populations. (Definitions taken from Hauser Center for Nonprofit Organizations, working document for the Schwab Foundation, September 2000).

The Summit was a turning point for the Foundation, for it led to a radical shift in strategy in the months that followed. First, it became clear that the social entrepreneurs were starved for company of peers. "As soon as they arrived, the group bonded! It was clear that they could understand each other's travails better than anyone else!" recalls Hartigan. Significantly, the entrepreneurs had a deep impact upon the Board. The first afternoon, each social entrepreneur stood up to recount his or her experience. The Board was transfixed. Hilde later commented that in her over 30 years of marriage, she had never seen Klaus Schwab sit for more than twenty minutes without getting up. Four hours later, Klaus was still sitting. Later, addressing the social entrepreneurs, he joyously commented, "You have given us a great gift by engaging so much throughout this weekend. We believe that bonding together is the way forward!"

Other Board members were equally moved. Muhammad Yunus, Founder and Managing Director of the Grameen Bank in Bangladesh, told the audience later that evening at a press conference, "If I were a venture capitalist, I would provide funding for each one of these entrepreneurs. If I were a Hollywood producer, I would make a film to tell each one of their stories!" Board Member Zanele Mbeki, First Lady of South Africa commented, "Imagine the transformation that could occur if these 43 social entrepreneurs were allowed to implement their initiatives in one single developing country!"

According to Hartigan, "the more we talked with social entrepreneurs, we began to realize that awarding a prize wouldn't really make a significant difference—but continuing to build a community could." A significant shift in the Foundation Board's original thinking occurred as it listened to its clients – the successful social entrepreneurs themselves. The Board began to realize that a large prize for a few individuals was not the best use of the Foundation's resources. The Award was originally conceived as an incentive for social entrepreneurs to seek out the Foundation, but it became clear during the Summit that it was not the only or the main one. In addition, with so many prize-awarding entities in the world today, using the Foundation's limited resources to fund one, two or three awards as the main vehicle for addressing the needs of social entrepreneurs may not be the most effective use of those resources. Thus, while maintaining the Foundation's original purpose, the Board was faced with rethinking what value the Foundation added to outstanding social entrepreneurs. The human factor was also making the Board vacillate in its Award decision.. Once they had met the 43 individuals behind the stories they had read, they had the same problem the Secretariat had been facing: they were not able to single out one, two or three winners. The Board's decision: All of them needed to be celebrated! Take them all to the World Economic Forum's Annual Meeting! Thereby, they delicately deferred the decision on any Awards until they met again in early February during the Annual Meeting. The decision and announcement of the Award winner would be made then. Schwab felt that "the world must become aware of the fantastic transformational power of social entrepreneurship."

On the last day of the Summit, the Board announced that all 43 social entrepreneurs were going to "Davos", exceptionally to be held in New York in 2002. They were thrilled, as was the Secretariat, although somewhat overwhelmed at the thought that they had 8 weeks to prepare to take 43 social entrepreneurs to the Annual Meeting. In their minds,

there was no doubt that the Annual Meeting would provide an extremely powerful platform for recognizing the achievement of this unique community, as well as providing the opportunity for the influential to be influenced by those with practical experience about what works in what contexts to improve the lives of the least advantaged. Board member and renowned Brazilian author Paulo Coelho gave the Schwab Social Entrepreneur's some parting advice in closing the Summit. He reminded them that they had a duty to perform in New York—"Beyond any structure or organization, you exist. Remember that you are very important. The world needs your work. Do not beg; you are going to New York to interact with other people from different environments and mentalities. It is about raising the level of consciousness."

### ***January 2002—WEF Annual Meeting in New York***

The following excerpts from an article written by Hartigan and published in March 2002 illustrate how the events developed in New York.

The first challenge was to manage expectations. We spent a week writing a twelve-page document called "Getting Ready for the Annual Meeting: A Guide for Social Entrepreneurs". Why do leaders from around the world come to the Forum's Annual Meeting? How do social entrepreneurs fit into this scene? What is the "vibe"? What should you bring? What should you not bring? (the answer is proposals for funding, posters or declarations). Then there was the issue of interpreters. At least ten of our social entrepreneurs spoke little or no English. But it is assumed that everyone who participates at the Forum speaks English! The Forum agreed to let our non-English speaking social entrepreneurs bring interpreters.

All December and early January, we worked with the Forum staff to ensure that the social entrepreneurs were included in sessions relevant to their area of expertise. We also set up a separate session called "Come Meet Social Entrepreneurs" which was quickly so overbooked that we had to find another room to accommodate everyone that wanted to come.

To provide further support, we arranged for a pre-meeting the day before the opening of the Annual Meeting with the whole group. This one day session was tremendously useful for two reasons: it reconnected everyone after the Geneva Summit, which had been the first time they had ever met. And being together at this larger-than-life event provided a comfort level that further bonded them as a "family."

The next day, they joined the fray of corporate and political leaders, academic luminaries, media moguls and stars, and chose from the smorgasbord of plenaries, workshops and panels that have come to characterise the Annual Meeting program. "I felt like Alice-in-Wonderland who fell down the rabbit hole of the World Economic

Forum," Sara Horowitz of Working Today described to me. "It has been an amazing experience". Sara was elated, having just been introduced by Colin Powell to John Sweeney, the AFL-CIO leader she had been trying to meet for two years. Alice-in-Wonderland stuff for sure.

Perhaps the biggest take-away for the social entrepreneurs was the perception that the business community is serious about addressing social issues. For a number of them, this was something of a revelation. And it gave them an increased sense that business-social partnerships were possible and worth more of their energy investment.

There were also frustrations. Much of the discussion at the Annual Meeting revolved around poverty, inequity, reaching the poor, incorporating technology in education, and so on. But despite our best efforts, those with the solutions, the social entrepreneurs, were in the audience, not on the podium. Social entrepreneurs had difficulty finding the confidence to raise their voices and contribute from practical experience, to the session discussions. "I am a small Asian farmer," Takao Furuno shared with his other newly-found friends, "we are being destroyed by some aspects of globalization. Here people have a lot of information about the situation, they analyze it and discuss it, but no one is actually feeling it every day the way Asian farmers do."

Much work remains to be done to incorporate these views from the ground into the Annual Meeting discussions. Hopefully next year, when we have more than eight weeks to plan, it will be different . . .

But the question still lingering in everyone's mind—What about the award?

The Board met formally again on the last day of the Annual Meeting to decide on the winners. The meeting was at 7:30 a.m., over breakfast. All the Board members were present except for Quincy Jones who called Klaus Schwab to say, "I'm getting ready to go to BED at that hour...but if we have it at six in the morning, I can make it..."

The Board debated again around the finalists, the group as a whole, how to best use the Foundation's resources; finally coming to a dramatic decision—the only one that really made sense. It was approved by all of them unanimously.

The social entrepreneurs found out about the Board's decision that afternoon in a local pub, the only location available in the immediate surroundings of the crowded Annual Meeting. "The Board believes that rather than single out one, two or three of you, and channel one million dollars to a few, we should dedicate that million every year to supporting you and future network members", Klaus announced, "each of you is an amazing individual who has accomplished what others thought was impossible. All of you, and people like you who we have yet to identify, deserve to be supported."

Klaus's announcement was met with wild and enthusiastic cheers and whistles from the 43. Even those who knew that they had been among the nine finalists claimed that "It was a brilliant decision. Any one of us would have felt badly if we had been singled out as a winner." Joe Madiath of Gram Vikas in India added, "Over the past three months we have built a strong community that has bonded and plans to do things together. To give any one of us a million-dollar award would have been a strategic mistake. The money is much better invested in community-building, capacity-strengthening and resource mobilization." .

## **Reshaping the Strategy**

Returning from New York with the change in strategy, Hartigan and her staff began to address two key questions: If the focus is on community building and strengthening the field of social entrepreneurship, who should be included in years to come? And what should the Foundation offer social entrepreneurs?

To deal with the first question, the Secretariat analyzed the current group in the network. They faced a situation in which certain members of the network did not strictly meet the criteria for social entrepreneurs defined by the Foundation. The original intention of the Secretariat had been to invite to the Summit all 43 candidates who had been reviewed by external evaluators, not only the nine finalists. The result was that there was a small handful of individuals who, in hindsight, were not social entrepreneurs but well-meaning individuals that had sacrificed their lives to doing good and good causes. When the Board decided to invite all 43 to the Annual Meeting and publicly announced this, it could not very well say, "We invite all of you except X, Y and Z". There was little the Foundation could do, these individuals would continue to be supported as members of the network regardless. (See *Selection Process*).

The social entrepreneurs that do meet the criteria span a continuum of financing methods, including those who are wholly grant-dependent, and a few at the other extreme who have become self-sustaining enterprises generating social benefits. The vast majority of the current Schwab entrepreneurs falls somewhere in the middle, that is, they have been able to reach some modicum of self-sustainability through membership fees, fees-for-service, franchising, establishment of for-profit activities to support their social activities, or forming partnerships with the business and/or local community. Still, to a greater or lesser degree the Schwab entrepreneurs rely on grant funds to sustain their socially oriented activities.

The Foundation has decided to concentrate its future efforts on social entrepreneurs who, in addition to having implemented practical and innovative approaches to social value creation, have built substantial financial sustainability into their operations and are not wholly grant-dependent.

Given the Foundation's new strategy to be a unique community-building and opportunity-enhancing entity for outstanding social entrepreneurs, it has the task of identifying the

gaps that even the best social entrepreneurs collectively experience and provide ways of addressing them. (See *Benefits* )

For Hartigan, after working closely with leading social entrepreneurs from around the world, it has become clear to her, that they have three major interrelated needs:

- Legitimacy and credibility
- Opportunities for networking among social entrepreneurs as well as with other individuals/organizations who can mobilize support for their initiatives.
- Financial and/or in-kind resources

The order of priority of these needs will vary depending on how financially dependent a social entrepreneur is on outside funding. However, in all cases, absence of any one of the three elements will constrain the entrepreneur in bringing the initiative to scale and achieving long-term sustainability.

In Hartigan's experience, because social entrepreneurs tend to defy traditional practice, they are routinely being denied an important element that bestows an aura of credibility and legitimacy upon individuals when they operate within established frameworks. The need for legitimacy and credibility for the social entrepreneur is most often felt at the local and national levels in which he/she operates. For her, "most of these people are considered modern day Don Quixotes—people think they are weird because they are often so driven with getting their new idea going. This was something that every social entrepreneur echoed during the Summit, and it is clearly a problem for them—even when they are very successful, they are ostracized and criticized by the mainstream. Vera Cordeiro, founder of Renascer in Brazil, shared with us the great relief she felt when someone told her 'you are not crazy—you are just a social entrepreneur!'"

Promoting social entrepreneurship is an enormous challenge that Hartigan and the Schwab Foundation face: "One dilemma we have right now is identifying the in-built structural and cultural constraints to entrepreneurship—both social and business. We find that in some countries, entrepreneurship flourishes like mushrooms after rainfall. Yet in others, we can barely find any. In many countries we encounter the "cut the tall poppy" phenomenon—those that stick out above the rest of the mob in some fashion are targets of envy and derision—they don't fit within what is accepted—social entrepreneurs and often then business counterparts are tall poppies by nature. They have to be—but they find they operate under enormous constraints in comparison to entrepreneurs in the USA where individualism, self-confidence, risk-taking, and bouncing back and learning from failures are celebrated."

As part of its effort to build legitimacy and credibility, the Foundation plans to focus much of its energy in providing opportunities for networking. It was evident from the social entrepreneurs' responses to the first Summit that the vast majority has too few opportunities to meet with one another and share experiences, methods, successes and challenges with others as accomplished, if not more so, than themselves. The nature of

social entrepreneurship is such that these men and women have little time to focus on anything other than implementing their vision and getting others to believe in it and help execute it.

The Foundation, through its linkage with the World Economic Forum, seeks to foster relationships between accomplished social entrepreneurs and the community of corporate and philanthropic entities as well as policy makers, media and other thought leaders. The degree of legitimacy and awareness of social entrepreneurship as a critical approach to development will depend on the opportunities provided to accomplished social entrepreneurs for sharing and inspiring enthusiasm among key stakeholders, so that social entrepreneurship is encouraged and nurtured. In Hartigan's view, "social entrepreneurship is entrepreneurship that doesn't focus primarily on maximizing financial profit. The focus is primarily on social value creation. The same types that are entrepreneurs, social or business, are the people that constantly push traditional boundaries, are not afraid of failure, see an opportunity and take a risk. They go against the grain."

Lastly, the Foundation seeks to address the perpetual need social entrepreneurs have for financial and/or in-kind resources. In its view, there are many successful social entrepreneurs whose models are already working in one or more countries and are poised for replication. But there are few flexible, second-stage-financing mechanisms available for such social entrepreneurs. There is no market and barely a handful of financial institutions that can provide significant, later-stage capital to those models with high potential for replication and scalability. To exacerbate the situation, and in part because of it, thousands of seed-funders needlessly reinvent the wheel by starting new organizations from scratch. In their view, to date there has been only one social financing "invention" or model replicated on a global scale: the Grameen Bank and micro-credit. This suggests a structural problem for the field, implying a critical information gap and an urgent need to develop second-stage financing mechanisms, networking platforms and appropriate and dynamic certification agencies so that social entrepreneurs with replicable models can find the financial and in-kind support they need. To address such structural problems, the Foundation engaged in the development of GEXSI—Global Exchange for Social Investment.

## **Challenges of the Foundation**

So far, the change in strategy, from award-granting to network-building, has not had a detrimental impact on the interest of candidates to become part of the network. "In switching from not giving an award as a carrot for joining the network, we were concerned that many would not be interested because it wasn't worth it. But that hasn't happened—in fact, we have some unbelievable candidates this year who all submitted their information well ahead of the deadline!!" However, Hartigan questions whether the Foundation is offering enough—"I wonder if they come to us because our relation with WEF—everyone wants to come to Davos. But are we taking full advantage of our relationship? Is getting them to Davos enough?"

Further, the Foundation faces a delicate balance in managing the value of its network brand. "How do we evolve vis-a-vis our selection of network members? After all, there is a finite number of outstanding social entrepreneurs in the world that meet the selection criteria. Do we continue to pick existing winners, or do we pick potential winners and give them access to the resources to become winners?", comments Hartigan.

According to their strategic documents, the Foundation faces three major challenges as it moves forward:

- It must continue to build the global network of social entrepreneurs and strategically manage its response to their "triangle of needs" in the light of the human and financial resource constraints of the Foundation;
- It must continue to maintain its foothold as the initiator and convener of the GEXSI to help ensure its continued development in ways that match the needs of social entrepreneurs, and thus ensure that Schwab entrepreneurs are able to access support through this mechanism.
- As a result of its network-building with accomplished social entrepreneurs, the Schwab Foundation is strategically placed to bring to light the most outstanding initiatives in a given field. From the perspective of the development community, the Schwab Foundation provides a pool of innovative but practical and proven approaches to solving complex social problems. Different elements of these initiatives can be tested and adapted to other contexts by other social entrepreneurs in the Schwab network, or indeed, tested and scaled up by other development agencies, including governments. How can the Foundation foment the replication of the ideas of their social entrepreneurs?

## Lessons learned

When asked what she and her staff have learned during their first year of immersion with social entrepreneurs, as well as reviewing their personal stories, accomplishments, frustrations and challenges, Pamela provided the following answers:

First of all, we need to clarify what constitutes social entrepreneurship. The problem of definition is a very real one. Most frequently around the world, it is equated with philanthropy. Everywhere, from Europe to Australia, social entrepreneurs face the **social entrepreneur-as-charity** misrepresentation. The **false dichotomy** between those who work in the social arena and those who work in the financial arena will continue as long as the legal structures and mentality exist dividing what is "profitable" and "what is not"... what type of work gets a tax break and what does not. Anyone who has worked in both the financial and social worlds knows that **every financial investment has social ramifications, and vice versa.**

Interestingly, social entrepreneurs need to be supported as they interface with their counterparts in the business world, particularly in the area of communications. Take for example the specific instance

where Fabio Rosa, one of our Schwab entrepreneurs, met at the World Economic Forum's Annual Meeting with the CEOs of the seven biggest energy companies in the world. What an opportunity! Rosa has developed a scalable system to provide affordable solar energy to poor people who currently spend \$8 to \$15 a month on non-renewable fuels for lighting. His model allows investors to recoup their investment in five to ten years. This target market encompasses most of the two billion people in the world who still lack electricity and who, by burning fossil fuels, contribute significantly to global warming. Rosa's challenge was to convey to the energy CEOs that they should work with him.

How? One way could be Rosa asks for help by appealing to fears such as terrorism, environmental degradation, etc., or principles such as - we can't continue to neglect such as the fact that one third of the planet is being left out of development, etc. Another approach could go like this: Rosa explains to the CEOs something like *"This is the largest untapped energy market on the planet. You guys need alternative distribution systems to reach these people. And I can show you how to reach them!"* As business people, the CEOs know that if they want to reach a new market they need new distribution mechanisms. Now the discussion is all about: 'What is the value proposition? What is the win-win deal?' It is a totally different conversation than asking for a hand out, and more hold more promise in initiating a working partnership. We in the Foundation need to help our community articulate its accomplishments and what they can offer in a language that the business community can relate to and respond.

We in the Foundation are strategically placed to assume a brokering role, strengthening the business-social bridge. Our Founder and President is the same man who 30 years ago founded and presides over the World Economic Forum. We want to use our leverage to attract the notice of governments and business people so that the scalable solutions of social entrepreneurs can be replicated, improved and expanded, so that their practical insights can be incorporated into government policy and business initiatives.

Secondly, we have learned that the business community thinks it is easy to run a social enterprise. But they need to rethink that myth, and the Foundation needs to promote this reflection. As Jed Emerson says, if more business people understood what it is like to manage a social enterprise with a double or triple bottom line, they would be more humble.

Third, in the **management consulting** world, there is much talk of unleashing the metrics, methods and talent pool of the private sector as

the panacea to end problems of poverty and unemployment. But the private sector has a lot to learn about delivering better outcomes for customers. As Eric Schwarz, Founder of Citizen's Schools point out, social entrepreneurs in education are trying to change the performance of their customers – children - in vital skill areas. Finding different ways of helping them be better writers, better critical thinkers, able to attend university. When, Schwarz asks, is the last time anyone asked Nike or Reebok if its shoes actually make anyone run faster or jump higher?

Fourth, many in the **Foundation sector** bristle at the mere term, “social entrepreneur”. Foundations are still strongly suspicious of the business community, and they have had good reason to be. But something very important is happening around the world. More and more in the business community are serious about addressing social issues. Businesses, large and small, are having to redefine their value proposition to include social and environmental as well as financial bottom lines. But if that does not convince Foundations, then one thing should: poverty elimination will never be achieved if what the bottom line boils down to the number of grants or dollars given away every year. Feeling good about giving money away is not a product. Welfare is not only disempowering, it is the reason why people remain poor.

Fifth, there are those who think that using the tag of "social entrepreneur" may access new funds. But one cannot wake up one morning and decide to be a social entrepreneur. When sitting around with a group of social entrepreneurs one quickly realizes that they cannot help being the way they are. They are born that way.

Similarly, for **business school academics**, can they teach someone to be a social entrepreneur? The Foundation thinks not. Of course, a social entrepreneur can learn to be better at management, financial accountability, and human resource development... and there are courses to help them. But the continuous energy to imagine, innovate, implement, improve on innovation, scale up, diversify, defy the usual, break the patterns, move in a new direction... that exhausting and exhilarating quality of what makes a social entrepreneur... no training course will ever teach that.

Finally, those in **government** have grabbed onto the promise of social entrepreneurship. But they are fooled into thinking that a **manager of a social enterprise** and a **social entrepreneur** are the same. One can understand their temptation as they are increasingly unable to deliver public services, and the route to privatize those same services has a corrosive effect on equity. So, a confused idea of social entrepreneurs

that equates them with people who run social enterprises has emerged. But social entrepreneurs tend to be less of a manager than they are practical visionaries that innovate because they have a thorough understanding of their field and the context in which they develop their innovation. One does not qualify as a social entrepreneur by getting a degree in the subject. Social entrepreneurs are the flames that ignite the fire of social transformation. This is not business as usual. That flame must be fanned and nurtured by those who understand what social entrepreneurship is about and delight in its promise to achieve social transformation.