

THE MILLER CENTER
for Social Entrepreneurship

The GSBI Methodology for Social Entrepreneurship:

Lessons from 12 Years of Capacity Development
with 365 Social Enterprises



GSBI[®]



EXECUTIVE SUMMARY

The Global Social Benefit Institute (GSBI®), a pioneer in social enterprise capacity development, has continuously improved its methodology since its founding in 2003. The lessons GSBI has learned from working with 365 social enterprises are broadly applicable to capacity development efforts across sectors and geographies. This paper introduces GSBI and explains the GSBI® methodology, with the goal of helping the global social enterprise movement create more exits from poverty.

GSBI has become a leading, comprehensive program for social enterprise capacity development worldwide. Its suite of stage-specific programs for early and mid-stage social enterprises, along with its network of partners, collectively serve hundreds of impact organizations annually.

GSBI has developed a methodology that revolves around three dynamic, interactive aspects: social enterprise selection, stage-specific programs, and executive-level mentoring. GSBI invites applications from social enterprises that are “impact first,” meaning that their primary mission is to deliver goods and services to those in need.

GSBI evaluates candidates in two phases. GSBI staff filter for general program fit, then score candidates according to criteria that predict each enterprise’s potential for short-term success in GSBI as well as long-term growth. Priority is given to social enterprises with earned income business models, because this approach lends itself to scaling. To match a social enterprise with the curriculum most appropriate to help it grow, GSBI developed a Social Enterprise Stage Assessment Tool.

For its first nine years, GSBI provided a single “one size fits all” program. Today, GSBI offers a range of programs and curricula through its three stage-specific programs:

- GSBI Boost helps entrepreneurs at early-stage enterprises outline their businesses and develop their business models.
- GSBI Online works with entrepreneurs at early-stage enterprises to create their business plans and test assumptions.
- GSBI Accelerator prepares mid-stage enterprises for scale and investment.

In early stages of their growth, social enterprises focus on developing and refining impact models to achieve their missions while simultaneously refining their business models. Once these models are mature, the enterprise begins to scale, which requires two new parallel areas of focus. One area is operational excellence, defined as the formalization of the business structures and processes required so the enterprise has the capacity for rapid and extensive growth. The other area is investment readiness, defined as having the installed capacity, documentation, and growth plan needed to be successful when raising funding for scaling.

GSBI distinguishes itself from other capacity development organizations for social enterprises through the quality and depth of its mentoring. GSBI mentors, who are successful Silicon Valley business executives with decades of experience and connections, volunteer to work intensively with GSBI social entrepreneurs in an in-depth relationship. GSBI mentors provide hands-on knowledge of what it takes to build enterprises.

The mentors coach, educate, and encourage program participants for two hours a week for the duration of GSBI programs. GSBI selects mentors carefully. In addition to business acumen and strong operational experience, mentors must have the values and interpersonal skills to interact and empathize with a person from a different culture, who is often struggling with minimal resources and funding.

In addition to the mentors who work one-on-one with a single enterprise, GSBI also uses domain or content experts such as chief financial officers; sales, marketing, and business development leaders; and lawyers with experience in mergers and acquisitions. These domain experts work across multiple enterprises engaged in a particular GSBI program.

Over the years, social entrepreneurs have, in effect, taught GSBI how best to enhance its own methodology. In addition to the insights garnered from working with social enterprises, the success of GSBI can be traced to its two major influences: the ethos of its Jesuit university host institution, imparting the ethical responsibility to work toward a more just and humane world; and the acumen of its Silicon Valley milieu, with its culture of innovation and entrepreneurship. GSBI demonstrates how Silicon Valley and universities can collaborate with the social enterprise movement to create more pathways out of poverty.



Introduction

Social entrepreneurship offers the potential of a path out of poverty for hundreds of millions of people around the world. But fulfilling this potential will require broad and sustained efforts to help social enterprises scale. The Global Social Benefit Institute® (GSBI) has been a pioneer in social enterprise capacity development. It has formulated, refined, focused, and tested a successful methodology while scaling its own impact.

The GSBI methodology revolves around three dynamic, interactive aspects: social enterprise selection, stage-specific programs, and executive-level mentoring.

These aspects of the methodology are reflected in three distinct GSBI programs targeting early to mid-stage social enterprises. Early-stage participants refine and validate their social impact models and business models. To scale

their impact, mid-stage social enterprises develop operational excellence and work to become investment ready. Through all GSBI programs, experienced Silicon Valley executives help social entrepreneurs apply the curriculum to their specific social enterprises.

The success of GSBI programs can be traced in part to two major influences: the ethos of its Jesuit university host institution, imparting the ethical responsibility to work toward a more just and humane world, and the acumen of its Silicon Valley milieu, with its culture of innovation and entrepreneurship. However, the lessons GSBI has learned from working with 365 social enterprises are broadly applicable to capacity development efforts anywhere. This paper introduces GSBI and explains its methodology, with the goal of helping the global social enterprise movement create more exits from poverty.

Social Entrepreneurship and GSBI

The social entrepreneurship movement is an emerging social change strategy that draws from the creativity and drive of entrepreneurship. Social entrepreneurs apply business tools and strategies to solve social problems, especially the suffering of the poor. They found and lead entrepreneurial organizations that engage in direct action to address social needs.¹

Social entrepreneurs believe that markets can be powerful forces for creating a more just, inclusive, and sustainable society. They leverage their enterprises to create new markets that serve the economically marginalized. Rather than criticize the failures of government and corporations, they choose to create enterprises and markets that serve human beings. In an era of rising skepticism about globalization, social entrepreneurs have shaped an economic development model that is more humane and inclusive.²

Social entrepreneurs apply techniques from conventional entrepreneurship, but with a different impetus. They are motivated by solving social problems rather than accumulating private wealth.³ Here are some examples that illustrate how social entrepreneurs identify social problems and convert them into business opportunities:

- In communities that lack clean water, social entrepreneurs create small businesses that deploy water purification technologies to sell potable water where it was not previously available.
- More than 700 million Africans lack access to any grid energy. A number of social enterprises are developing businesses that sell innovative solar power lighting

systems to African communities, often providing micro-finance or rent-to-own purchase models to make the systems accessible to more people.

- In regions with a legacy of bias against educating girls, organizations are providing training for young women, thus creating livelihoods and access to higher paying jobs.

Social entrepreneurs share the same opportunity-seeking orientation, imagination, and determination as conventional entrepreneurs. However, they measure success in a fundamentally different way: by assessing social impact. Social entrepreneurs use success metrics such as the number of households with routine access to clean water; the net increase in household income and improvement in children's respiratory health as a result of the transition from kerosene to solar energy; or the number of women employed for the first time and the subsequent benefit to household finances.

Unlike traditional non-profit organizations, social enterprises develop business models that free them from grant dependency. By charging the beneficiaries themselves for a product or service, social enterprises cultivate a customer orientation, in contrast to traditional aid models that perceive beneficiaries as (often passive) "aid recipients." This business approach forces social enterprises to understand the needs of their customers and to find ways to meet them. Even if the product or service is heavily subsidized, revenue from these economic transactions helps customers value the product or service and provides a source of revenue to the enterprise.

Defining Social Entrepreneurship

A classic definition of social entrepreneurship was provided by the late J. Gregory Dees, a pioneer in the field. Social entrepreneurs play the role of change agents in the social sector by:

- Adopting a mission to create and sustain social value (not just private value)
- Recognizing and relentlessly pursuing new opportunities to serve that mission
- Engaging in a process of continuous innovation, adaptation, and learning
- Acting boldly without being limited by resources currently in hand
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created⁴



Profits are generally re-invested to further pursue the social mission.

Social entrepreneurship is a global movement. Although this movement has diffuse origins, the pioneering work in microfinance by Muhammad Yunus and the Grameen Bank demonstrated that helping the poor to become active participants in the economy can provide a path out of poverty.⁵ Social entrepreneurship builds upon the logic of microfinance and extends it by creating enterprises that provide essential

goods and services, as well as opportunities for employment. In the Global South, social entrepreneurship has been used to pursue the UN's Millennium Development Goals.⁶

The social entrepreneurship movement promises a different kind of economic globalization, a pro-poor form of economic development. While there are many thousands of social enterprises around the world, at issue is whether they can scale and fulfill their collective potential.

GSBI: Strengthening Social Enterprises

GSBI is a pioneering social enterprise capacity development program launched in 2003. It was founded to enable promising technology innovations to reach poor communities worldwide by helping social enterprises grow. GSBI is now a leading, comprehensive organization for social enterprise capacity development worldwide.

GSBI has expanded from one annual program for early-stage social entrepreneurs — “GSBI v1.0” — to a suite of stage-specific programs and a network of partners addressing the distinctive needs of early and mid-stage entrepreneurs, collectively serving hundreds of impact organizations annually. Program offerings include:

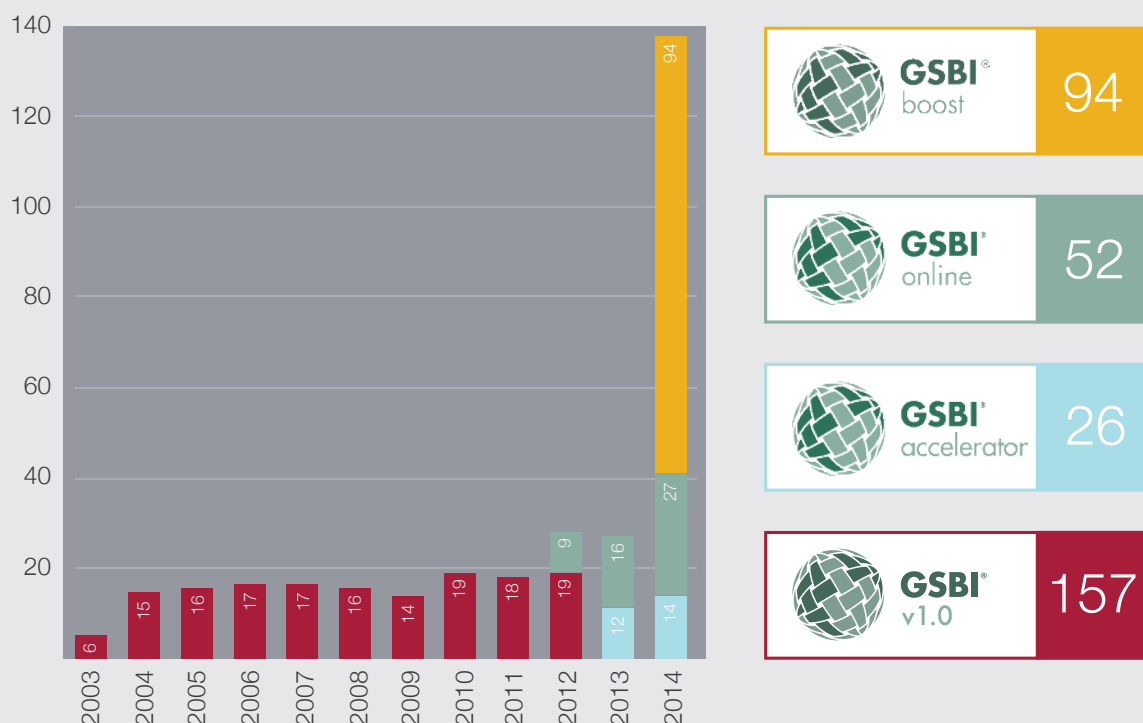
- **GSBI Boost** for early-stage entrepreneurs to outline their business and develop their business models.
- **GSBI Online** for early-stage entrepreneurs to create their business plans and test assumptions.
- **GSBI Accelerator** preparing mid-stage enterprises for scale and investment.
- **GSBI Network** for mission-aligned universities and capacity development organizations to share best practices, collaborate on joint initiatives, and expand the resources available to the social entrepreneurs within each member's network.
- **GSBI Xchange** provides workshops and customized technical assistance to other capacity development programs that

enables them to adapt GSBI content and methodology into their programs.

GSBI tracks social enterprise participants in three programs (see Fig. 1). As of this writing, GSBI has worked with 365 social entrepreneurs operating in 61 countries, and delivered programs in seven countries. The GSBI Network includes 23 capacity development organizations (including universities) in 15 countries. GSBI is scaling itself.

GSBI has honed an enterprise stage-appropriate set of programs with a common methodology validated by the breadth of successful program graduates. The methodology itself centers on three dynamic, interactive aspects: selection of social enterprises and determination of their stage of development; matching stage-specific programs with each social enterprise; and in-depth, customized mentoring by experienced Silicon Valley executives.

Fig. 1: GSBI Social Enterprises by Program & Year, 2003 – 2014



Lessons Learned



GSBI has grown into an interactive, open access, co-learning laboratory with global reach to help social enterprises. GSBI offers specific programs informed by years of learning about “what works” to help social enterprises. The GSBI methodology is derived from 12 years of practice-based learning while developing capacity within social enterprises. Several core beliefs, drawn from our collective experience of working in this field, guide our work.

Lessons learned about social enterprises:

- We believe that the scaling of social enterprises can provide an exit from poverty for people worldwide.
- We believe that social enterprises with earned-income business models are more likely to scale their impact.
- We believe that social enterprises must first refine and validate their social impact and business models before they are ready to scale.
- We believe that once social enterprises develop operational excellence and investment readiness, they are on a path to scaling.

Lessons learned about capacity development:

- We believe that interactive co-learning models, with practice leading theory, can help social enterprises scale.
- We believe that determining the stage of a social enterprise is critical to providing curriculum tailored to help it grow.

- We believe that customized mentoring is essential for social entrepreneurs to apply a stage-appropriate curriculum to their organization.

Lessons learned about the social enterprise movement:

- We believe that Silicon Valley acumen, with its tradition of innovation and entrepreneurship, can help the social enterprise movement.
- We believe that universities can support and learn from the social enterprise movement.
- We believe that universities with a social vision – such as Jesuit, Catholic universities – can advance their missions in practical ways by partnering with the social enterprise movement.

Subsequent sections of this paper will explain the practical, programmatic implications of these beliefs. Together, these comprise the GSBI methodology.



Bringing Light to Rural Mexico

GSBI has many vivid success stories among its social enterprises. One example is Iluméxico, founded by Manuel Wiechers after he graduated with a degree in renewable energy. His vision for Iluméxico was to provide solar power to the Mexicans who needed it most: remote rural communities, mostly indigenous people, who live beyond the electric grid and far from modern roads.

Iluméxico was selling its rural energy products — solar home systems, solar-powered energy for community development, and solar-power water pumps for rural clinics — to poor people, but the business faced significant hurdles. Its office in México City was a long way from its rural customers, who lived in jungles and on the sides of mountains. Reaching them was expensive, and it was hard to know when, what, and why they would buy.

Manuel participated in GSBI Accelerator in 2013. He refined his business model by launching rural energy distribution centers, known as Ilucentros. These centers reflect GSBI's emphasis on understanding beneficiaries as customers. He was able to offset the start-up costs of new centers with grants from governments of several Mexican states.

What started as a dream in 2009 has evolved into a thriving company. GSBI curriculum and investor presentations helped Manuel clarify his vision, crystallize his plans, and communicate his mission. Today, there are five Ilucentros serving 3,500 installed systems and 18,000 households, displacing 1,800 tons of CO₂ in the process. In March 2015, Iluméxico received a variable payment option (demand dividend)⁷ investment to help it scale and reach more customers.

Jesuit Ethos and Silicon Valley Acumen

In addition to the insights garnered from working with 365 social enterprises, the success of GSBI can be traced to its two major influences: the humanistic ethos of Jesuit higher education and Silicon Valley acumen. GSBI is the flagship program of the Miller Center for Social Entrepreneurship at Santa Clara University, and it draws heavily from Silicon Valley's culture of innovation and entrepreneurship.

As a comprehensive Jesuit, Catholic institution, Santa Clara University provides both intellectual resources and a social justice orientation that are ideal for developing the capacity of social enterprises. Its Jesuit tradition emphasizes professional training, ethical civic engagement, and a commitment to service to others, especially the poor and marginalized.⁸ Santa Clara educates its students and simultaneously seeks to foster a more just, humane, and sustainable world.

The Miller Center for Social Entrepreneurship was founded in 1997⁹ as one of three Centers of Distinction at Santa Clara University. These centers embody the university's mission to unite students and faculty with local and global leaders to address significant public issues. The Miller Center accelerates global, innovation-based entrepreneurship in service to humanity, turning its strategic focus to poverty eradication

through its three areas of work: GSBI, Impact Capital, and Education and Action Research.

Santa Clara University business school faculty founded the Center and GSBI, but professional staff in the Miller Center now direct it. The Impact Capital department creates innovative financial inclusion vehicles to unlock capital flows, prepares social entrepreneurs for investment readiness, and educates impact investors. The Education and Action Research department anchors the Center firmly in the university through classroom and field-based education on social entrepreneurship. It provides transformational social justice learning through the Global Social Benefit Fellowship, and it links social entrepreneurs with on-campus research. All of these efforts reflect the Center's commitment to a pedagogy of accompaniment, of learning with and from social entrepreneurs.

Silicon Valley grew up around Santa Clara University, and thus GSBI is able to draw on the expertise of local entrepreneurs, investors, and executives to serve as program mentors. More than most other social enterprise capacity development programs, GSBI helps social entrepreneurs strengthen their business models in order to scale.





THE GSBI METHODOLOGY

The GSBI methodology is both practical and inspirational. The methodology revolves around three dynamic, interactive aspects:

- Social enterprise selection
- Stage-specific programs
- Executive-level mentoring

Here is a deeper look at each of the three aspects that interact to form the GSBI methodology.

Social Enterprise Selection

GSBI invites applications from social enterprises that are “impact first,” meaning that their primary mission is to deliver goods and services to those in need. GSBI attracts candidate social enterprises through an open, competitive application process. It actively markets to and recruits potential candidates through a global network of mission-aligned organizations that include other capacity development programs, investors, awards programs, universities, and social entrepreneurs who have already completed GSBI programs.

GSBI evaluates candidates in two phases. First, the staff filters for general program fit, determined primarily on the criteria of the potential social impact of the enterprise, the enterprise’s developmental stage, and alignment of the candidate’s goals with the programs that GSBI offers. Second, a team of GSBI staff and mentors interviews and scores the top

candidates according to criteria that predict the enterprise’s potential for short-term success in GSBI and long-term growth. Priority is given to social enterprises with earned income business models, because this approach lends itself to scaling. The legal structure (nonprofit versus for-profit) is not important to candidate selection, although sometimes as a result of participating in a GSBI program, a non-profit might transition to for-profit status or vice-versa.

To match a social enterprise with the curriculum most appropriate to help it grow, GSBI developed a Social Enterprise Stage Assessment Tool. The Monitor Group’s publication *“From Blueprint to Scale: The Case for Philanthropy in Impact Investing”*¹⁰ proposed a framework for tracking social enterprises through their developmental stages. GSBI aligned its curriculum to this framework and assigns social enterprises to a specific program based on this tool.

Fig. 2: GSBI Programs Align With Lifecycle Stages



- **Blueprint:** Developing the blueprint for the future business, which includes a compelling initial business plan and demonstrated core technologies and/or product prototype
- **Validate:** Testing and refining the business model, including validation of viability and scalability as well as indication of customer demand
- **Prepare:** Enhancing the conditions required for scaling, which includes effective supply

chains plus the organization systems, talent, and assets in place to support scaling

- **Scale:** Expanding the reach of the enterprise to serve customers with additional products or in new geographic regions

Social enterprises have different needs at various stages of their development, in areas such as capital requirements or management skills. Figure 2 provides an overview of how GSBI programs match with a social enterprise's assessed stage of development.

Stage-Specific Programs

GSBI implements a range of programs and curricula, each designed to serve the needs of social enterprises at various stages of their development. For its first nine years, GSBI provided a single “one size fits all” program but has since evolved to offer three programs:

- **GSBI Boost:** A 3-day workshop that uses lectures and examples to help startup social enterprises learn business fundamentals and improve their strategic thinking. Participants emerge from GSBI Boost with a draft business plan that demonstrates social impact, growth, and long-term financial sustainability.
- **GSBI Online:** A 6-month training program for early-stage social entrepreneurs to improve their business models and growth strategies, while helping them present their plans in a compelling manner. By the end of the GSBI Online program, each participant has a viable strategy for growing his or her social enterprise in a financially sustainable manner with a validated business model.

- **GSBI Accelerator:** A 10-month program, structured around nine days in residence at Santa Clara University, for mid-stage social enterprises. GSBI Accelerator addresses internal gaps in a social entrepreneur's organization and prepares the social enterprise for the investment process. The goal of the GSBI Accelerator is to enable social enterprises to scale. This program helps social entrepreneurs refine their strategies for expanding to serve new geographic regions, or serving existing customers with additional products or services.

In early stages of their growth, social enterprises focus on developing and refining their impact models to achieve their mission while simultaneously refining their business models. Once these models are mature, the enterprise begins to scale, which requires two new areas of focus that must be built in parallel. One area is operational excellence, which we define as the formalization of all the business structures and processes required so the enterprise has

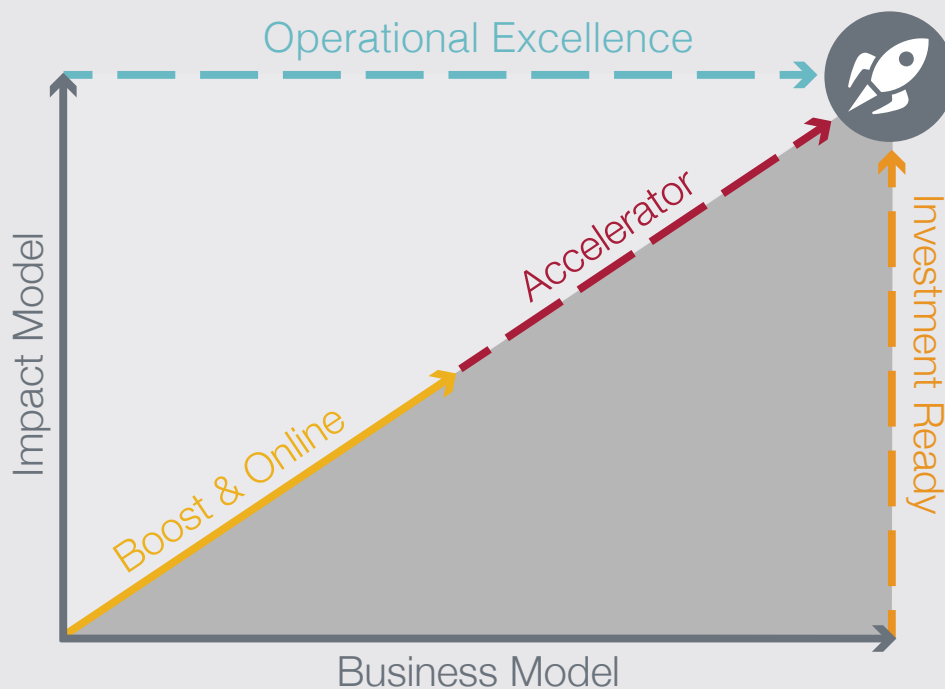


Fig. 3: Path of Social Enterprise Development

the capacity for rapid and extensive growth. Meanwhile, the enterprise works to become investment ready, which we define as having the installed capacity, documentation, and growth plan needed to be successful when raising funding for scaling.

As shown in Fig. 3, the stage-specific GSBI programs can be applied as appropriate according to the impact model, business model, and operational excellence needed to help a social enterprise grow and become financially sustainable.

For social enterprises, scale means more than a simple expression of linear growth or enhanced revenue. Social enterprises can scale their mission in depth or breadth, or both.

- ➔ Depth of scale means a deepening of the range of products and services a social enterprise offers within its community. For example, perhaps a social enterprise begins by providing tuberculosis detection and treatment in the state of Bihar in India. If that social enterprise adds testing for malaria or other diseases, and/or health education for the people of Bihar, then it is deepening its effect on the population it serves.
- ➔ Breadth of scale means growing in size and in the number of people served. If that same social enterprise in Bihar expands to the nearby states of Uttar Pradesh or West Bengal, adding new staff members and offering TB detection and treatment to new populations, then it is broadening the number of people it affects.



BanaPads

Richard Bbaale grew up in rural Uganda. During his childhood, he watched as his sister began missing school when she reached puberty. She had started her menstrual cycle, but had no access to sanitary pads. Because the products American women can purchase easily are not available in much of the developing world, hundreds of millions of women use leaves or rags, or simply stay home, during their menses.

When Richard was at university, he learned that dried banana stem fibers have superior capacity to absorb blood. Remembering his sister's experience, he recognized a business opportunity to transform the circumstances of African women. He founded a group through his university to tackle the difficulties Ugandan women faced in menstruation management. In 2010, this group registered as a social enterprise under the name BanaPads, with the goal of manufacturing and distributing affordable, eco-friendly sanitary pads to keep girls in school and create jobs.

Richard adopted a "business in a bag" model for BanaPads saleswomen, who were known as BanaPads Champions. BanaPads Champions purchase a bag with dozens of sanitary pads and sell them at schools and in villages. They use a portion of their revenue to buy another bag. Richard's enterprise was meeting social needs and helping

the BanaPads Champions, but it was not generating sufficient revenues for Richard to meet his payroll each month. He believed in his vision, but he wanted his BanaPads enterprise to pay for itself.

In 2012, Richard applied to GSBI and completed preparatory work online from Uganda, then spent two weeks in-residence at the Santa Clara University campus. He learned the nuts and bolts of growing a small business, including logistics, unit economics, operations, and devising a growth strategy. He also learned how to pitch his vision.

Richard returned to Uganda and made immediate changes to his business. He reached out to development agencies and investors and partnered with local organizations to conduct education. Soon, demand for BanaPads began to exceed supply. He identified an opportunity to expand into Tanzania. Funders came to share in his vision, awarding grants and making investments.

Richard credits GSBI with helping him to improve the management of his enterprise and to leverage that improved management into funding for expansion. Today, BanaPads is helping to change the paradigm of health and employment for East African women. In November 2014, Richard won African Social Entrepreneur of the Year.

Executive-Level Mentoring

The importance of mentoring in the GSBI methodology cannot be overstated. GSBI distinguishes itself from other capacity development organizations for social enterprises through the quality and depth of its mentoring.

GSBI mentors are successful Silicon Valley business executives with decades of experience and connections who volunteer to work intensively with GSBI social entrepreneurs in an in-depth relationship. Many are founders of successful startups, venture capitalists, or executives at Fortune 500 companies. All are chosen for their experience in startup enterprises and/or profit and loss (P&L) responsibility in larger organizations. Most mentors find the GSBI mentoring process to be personally fulfilling, and they return year after year.

In addition to the mentors who work one-on-one with a single enterprise, GSBI also uses domain or content experts such as chief financial officers; sales, marketing, and business development leaders; and lawyers with experience in mergers

and acquisitions. These content experts address common issues across multiple enterprises in a GSBI program cohort, working in concert with the mentors assigned to individual enterprises.

At any given time, approximately 60 of the 80 mentors are working with GSBI social enterprises. The mentors provide in-depth assistance, coaching, education, and encouragement of program participants for an average of two hours a week for the duration of GSBI programs. GSBI mentors provide hands-on knowledge of what it takes to build enterprises and make the curriculum come alive for the entrepreneurs they are working with.

GSBI selects mentors carefully, based not only on their business acumen, but also on their empathy and values. In addition to strong business and operational experience, mentors must have the interpersonal skills to interact and empathize with a person from a different culture, who is often struggling with minimal resources and funding.



Fig. 4: Effective Mentors Become Trusted Advisors

As shown in Fig. 4, GSBI mentors act as trusted advisors to the social entrepreneurs, accompanying them on their journey rather than simply imparting information. Mentors are not expected to have all the answers. Rather, they are expected to have enough knowledge, and to care enough, to ask the right questions of the entrepreneurs so they can work together to find the right answers and to chart the best course for a particular social enterprise. This attitude is an important aspect of how GSBI builds capacity in its social entrepreneurs.

On average, each GSBI Accelerator program participant benefits from more than 300 hours of individualized mentorship. Surveys of social entrepreneurs participating in GSBI Online and Accelerator programs indicate that they particularly appreciate:

- Mentors' constructive feedback
- Their individualized discussions as they work to refine their business plans
- Mentors' support and advice in response to the particular challenges and endeavors the entrepreneur faces on any given day

Consistently, the social entrepreneurs who attend GSBI report that the mentors provide the most valuable aspect of their experience. For example, in the 2013 and 2014 GSBI Accelerator program, 96% of participants believed that the mentoring they received allowed them to be successful in the program, and 100% plan to stay in touch with their mentors after completion of their GSBI program.

Mentor Values

The mentoring aspect of the GSBI methodology is crucial to its success, and it has evolved over time. Mentor candidates are referred to GSBI through other mentors or by the GSBI staff. Prospective candidates meet with the GSBI Mentor Director, who selects for demonstrable signs of the qualities valued in GSBI mentors.

GSBI staff and the mentors have developed a list of mentor values, and this is used as a litmus test for evaluating mentors. Does the candidate listen? Is he or she curious? Humble? If the Mentor Director or other evaluators do not see evidence of these characteristics from the beginning, that person does not continue forward.

Evaluation must happen in both directions. The staff has created multiple ways for prospective mentors to become familiar with GSBI activities before committing their involvement. Candidates

can shadow other mentors, attend the Investor Showcase, listen to a panel at the end of GSBI Online, come to a mentor training, or sit in during the in-residence portion of the program. In these ways, prospective mentors can gain a sense of GSBI's mission and the mentor culture and can understand what is required from them, so they can make an informed decision.

GSBI mentorship requires a significant time commitment of at least two to five hours per week, often at odd hours to communicate across time zones via Skype and email. Despite these challenges, some of our mentors have been with GSBI for more than eight years. And when asked, they contribute even more than what is expected.

Fig. 5: Types of Capital for Social Enterprises

GIFTS	<ul style="list-style-type: none"> • Generally unrestricted funds given by individual donors. • Donors expect to be thanked and updated to see that impact has been generated.
GRANTS	<ul style="list-style-type: none"> • Funds from foundations and government agencies tied to a specific set of project milestones. • Grantors require reporting of social impact metrics and, to varying degrees, financial reports on the use of funds.
SOFT LOANS	<ul style="list-style-type: none"> • Loans from foundations or government agencies with payment terms that are negotiable or are guaranteed by another impact investor instead of requiring collateral. • Lenders require reports showing social impact and a good faith effort to repay with a nominal amount of interest.
TRADITIONAL LOANS	<ul style="list-style-type: none"> • Loans from a bank, foundation, or other investor with a fixed repayment schedule and interest rate. Loan guarantees are often required. • Lenders may have criteria of only lending to social impact organizations, but once those screens are met, these loans are treated like any other commercial financing arrangement.
VARIABLE PAYMENT OBLIGATION	<ul style="list-style-type: none"> • Investments that are paid back over time with payments being tied to the organization's performance, such as a percentage of sales revenue, profits, or free cash flow. • Investors expect a longer payback period than a traditional loan and are carrying more risk, so they expect a higher financial return. They also expect reporting of social impact.
CONVERTIBLE DEBT	<ul style="list-style-type: none"> • Investments that can either convert to equity or be paid back to the investor at a profit. • To close a deal, an exit strategy needs to be in place.
EQUITY	<ul style="list-style-type: none"> • Investors are purchasing a stake of the enterprise. • Equity-impact investors are looking for long-term social impact and also want to see an exit strategy in place.

Becoming Investment Ready

A top priority for the social entrepreneurs participating in GSBI is to raise investment to enable them to accelerate the growth of their businesses. GSBI describes all manner of funding (gift, grant, debt, debt, equity, or other) as an investment in a social enterprise, its mission, and its social impact. Helping each social enterprise determine the most appropriate funding source to achieve its goals is a main focus of GSBI programs.

Mentors and entrepreneurs review these elements throughout the program. GSBI has learned that tying the curriculum to the “ask” makes its content more relevant to the entrepreneurs, which keeps them engaged and facilitates deeper discussion with the mentors. This focus also gives mentors a strong tool for working with entrepreneurs by being able to say: *If I were an investor and you came to me with that “ask,” here are the questions I would ask in response.*

The mentors help social entrepreneurs develop their “justifiable ask” to include:

- A funding **investment amount** that is justified by a financial model and growth plan.
- The **type of capital** that is being sought and evidence that the effects of the capital infusion are incorporated into the growth plan. For example, if the capital comes from a grant, does the growth plan include all the resources that will be required to fulfill the expected reporting requirements of the grant? If the capital is a loan, are the repayments taken into account in the financial model?

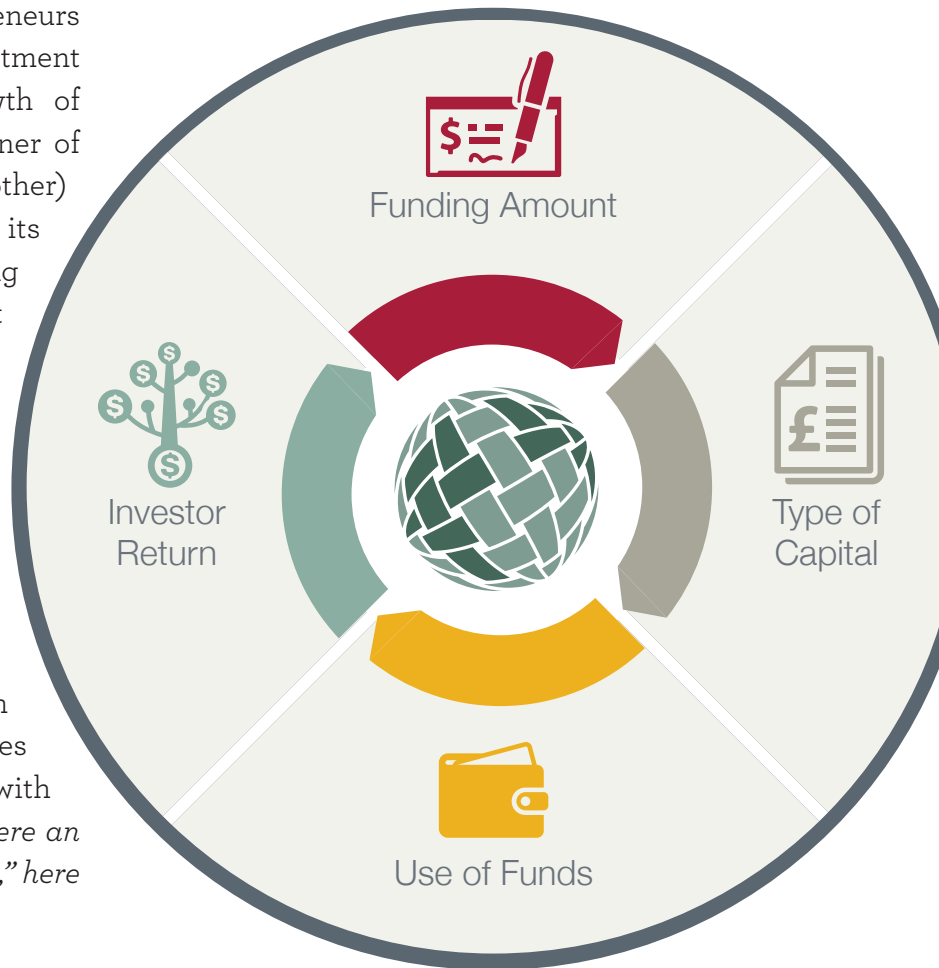


Fig. 6 The Justifiable Ask

- An articulation of **how the investment funds will be used**: How much goes to working capital? How much for infrastructure investments? How much for hiring and subsidizing new hires until the break-even point is reached?
- A statement clarifying the **expected return** that will be generated by this infusion of capital. In impact investing, the expected return has both social and financial components, which vary based on the investor’s goals and the type of capital.

THE GSBI PROGRAMS

GSBI works with early-stage through mid-stage social enterprises, and it matches social enterprises with programs best designed to assist with the issues facing particular stages of enterprise development. Its primary programs are GSBI Boost, GSBI Online, and GSBI Accelerator.



GSBI Boost

GSBI Boost is designed to help social entrepreneurs move from the “Blueprint” to the “Validate” stage. GSBI Boost is an in-country, in-person workshop that focuses on strengthening a social enterprise’s mission statement, social impact strategy, and business model. Participants must be managers or directors of the social enterprise. The enterprises should be established, with a product or service already developed and distributed to beneficiaries.

Two facilitators lead the three-day GSBI Boost workshops for 15 to 20 participants. These GSBI staff members and volunteer mentors are familiar with the curriculum and with social enterprises working in the geographic and impact-sector context of the participants. The workshop trains entrepreneurs to critically evaluate their enterprises and articulate specific strategies for their development, using worksheets and other tools (e.g., simple financial models built in Excel from templates).

GSBI Online

GSBI Online is a virtual mentored training program that empowers a social enterprise to evaluate and strengthen its business model and growth strategy, while helping the social entrepreneur present those findings in a compelling manner. While the focus and content is similar to the Boost program, GSBI Online goes much deeper.

The expected outcome of GSBI Online is for the enterprise to move from the “Validate” stage to the “Prepare” stage. This means that the social entrepreneur will have a strategy for growing the enterprise in a financially sustainable manner through a validated business model and be able to secure the funding necessary to do so.

Between 15 and 25 enterprises are recruited into a single cohort for each six-month GSBI Online

At the end of the GSBI Boost program, participating entrepreneurs will have the strategies and materials they need to expand their enterprises in a financially sustainable manner. Each participating enterprise develops a business-plan presentation: a short description of the business and growth strategy for use in emails or as an elevator pitch. The social enterprise can leverage these components when creating new proposals or applying for the funding and capacity-building programs the enterprise needs to reach its next level of growth.

GSBI BOOST MODULES:

- ➔ **Social impact model**
- ➔ **Target market and value proposition**
- ➔ **Marketing, sales, and partnerships**
- ➔ **Financial model**
- ➔ **Growth strategy**
- ➔ **Executive summary presentation**

program. The work is conducted online using a customized web portal, Skype calls, and email. This approach enables the social entrepreneurs to concurrently manage their organizations while participating in the GSBI program.

A GSBI staff person facilitates the program, and each enterprise is assigned one GSBI mentor. The program’s curriculum is broken into topic modules such as social impact model, value proposition, marketing and sales, cost structure and revenue streams, and financing plans. The suggested timeline is to complete one module every three weeks, but entrepreneurs adjust their timeline depending upon their travel schedules and other commitments.

Content experts provide instruction through video lectures and supplemental materials.

Mentors help the social entrepreneurs interpret the lessons and implement the findings via weekly Skype calls, to ensure that the curriculum is appropriate to their organizations' goals and cultural context.

By the end of the GSBI Online program, each participating enterprise has developed a business plan complete with a stage-appropriate action plan, operational and social impact metrics, a slide deck for investor presentations, and a two-page investment summary document. The enterprise has also identified a list of potential funders, developed a plan for pitching them, and practiced presenting their slide deck to mock investors.

GSBI Accelerator

GSBI Accelerator is a 10-month, online program highlighted by an in-residence workshop at Santa Clara University. Designed for 14 to 18 enterprises in a cohort, the GSBI Accelerator selects social enterprises at the third stage, "Prepare," and helps them to move to the final "Scale" stage.

Two mentors are assigned to each social enterprise, with additional expertise provided by content experts working with the entire cohort. The focus of both mentors and participants is to prepare the enterprises for the investment process and to address any remaining gaps or missing organizational pieces that might impede the organizations as they grow in scale.

Upon completing the GSBI Accelerator program, each participating social enterprise is expected to have developed a strategy and fundraising plan to expand its reach for new beneficiaries within current regions; to serve existing beneficiaries with additional products or services; or to expand to new regions. This program exemplifies the underlying belief that operational excellence plus appropriate capital

With these program deliverables in hand, the enterprise is well prepared to seek funding and follow-on support from other programs. Further, as the social enterprise evolves, the entrepreneurs and their staff are able to update the materials themselves.

GSBI ONLINE MODULES:

- ➔ **Program introduction and team building**
- ➔ **Social impact model**
- ➔ **Target market and value proposition**
- ➔ **Marketing, sales, and partnerships**
- ➔ **Financial model**
- ➔ **Operations plan**
- ➔ **Financing plan**
- ➔ **Financing tools and skills**

investment will enhance a social enterprise's ability to scale its social impact.

The GSBI Accelerator's initial phase, which takes place from February to July, consists of preliminary work designed to foster a strong working relationship between the participating entrepreneurs and their two mentors. Together, they evaluate the enterprise's business model, pathway to scaling, and strategy for attracting investment.

The curriculum modules of the GSBI Accelerator are structured to help the social entrepreneurs learn new concepts and vocabulary and apply them to their organizations. As with the other GSBI programs, core entrepreneurial concepts are explained through videos and social enterprise examples. Entrepreneurs are encouraged to build new documents using existing materials already developed for their enterprise. Unlike other GSBI programs, there is less reliance on templates due to the complexity of the enterprise at this stage.

The **in-residence** portion of the GSBI Accelerator program occurs for nine days in August at the Santa Clara University campus. Each morning, social entrepreneurs participate in seminars led by content experts, and they present portions of their business plans and enterprise operations to be critiqued by experts, mentors, and fellow social entrepreneurs. Later in the day, entrepreneurs work with mentors, peers, and experts to address and incorporate the feedback they have received.

Such live responses may lead the entrepreneurs to refine certain aspects of their presentation so that their business plans and strategies are more understandable. In other cases, the feedback leads to lively discussions about the core business strategy, generating useful ideas and resources for improving the enterprise's scaling strategy and tactics.

The in-residence portion of the GSBI Accelerator culminates in an **Investor Showcase**. Here, entrepreneurs pitch their enterprise plans to a specially assembled audience of impact investors and members of the social enterprise community. These presentations are followed by private meetings arranged in advance with individual impact investors.

During the third phase of the GSBI Accelerator, which takes place from September to November, mentors and entrepreneurs continue meeting virtually to implement the strategic initiatives and tactical steps arrived upon during the earlier portions of the program. The goal is to move the enterprise forward on its path to scale.

Throughout this final phase of the program, the GSBI team serves as a resource to address specific developmental needs, including support in closing financing deals. The GSBI Accelerator program ends with a **Gratitude Ceremony** webinar in December. This event celebrates the achievements of the cohort and provides an opportunity to reflect on the various milestones achieved throughout the year.

By the end of the GSBI Accelerator, participating enterprises will have developed a folder of materials including financial statements and strategic planning documents, plus information on governance and the board of directors. These materials demonstrate each organization's investment readiness while also making it easier for potential investors to conduct due diligence, which can speed the investment process.

GSBI ACCELERATOR MODULES COMPLETED VIRTUALLY BEFORE IN-RESIDENCE:

- **Program overview and mentoring launch**
- **The right capital for your enterprise: fundraising strategies**
- **Mission, impact model, and business model**
- **Reaching your beneficiary**
- **Business model**
- **Operations**
- **Team and management**
- **Business plan and in-residence overview**

IN-RESIDENCE DAILY FOCUS:

- **Day 1:** Orientation, mentor introductions, welcome pitch event
- **Day 2:** Business plan reviews (feedback panels)
- **Day 3:** Seminars on social-impact model, metrics, and presentation skills
- **Day 4:** Review of due diligence folders (feedback panels)
- **Day 5:** Seminars on board of directors, advisors, legal, and governance
- **Day 6:** Operations reviews (feedback panels)
- **Day 7:** Seminars on leadership and management
- **Day 8:** Investor showcase and meetings
- **Day 9:** Wrap-up



GSBI Boost Methodology in Action: Global Alliance for Clean Cookstoves

One of the immediate results of GSBI Boost is a simple financial model that is based upon templates created by the GSBI staff. During a 2014 GSBI Boost workshop conducted in China and presented in partnership with [Global Alliance for Clean Cookstoves](#), one of the participating organizations filled in its financial model.

This enterprise was using more than 180 distributors to bring its cookstoves to market.

By using the GSBI template, this enterprise was able to conduct a “what-if analysis” and quickly found that if the number of distributors were reduced to 50, revenues would increase significantly due to reduced overhead to support distributors who weren’t producing sales. Such relatively small adjustments continued to create impact by getting essentially the same number of clean cookstoves distributed, while significantly increasing revenues.



GSBI Online Methodology in Action: Jacaranda Health

[Jacaranda Health](#) was born from a passion to improve neo-natal and maternity care in Kenya. The enterprise, after working through the business model with its mentor through the GSBI Online program, understood that offering only these forms of specialized care would not create a financially sustainable organization. The participants decided to add other services, such as pharmacy and basic lab work, to provide

additional higher-margin revenue to the organization. Jacaranda Health stayed true to its mission and impact while creating a business model that would allow the enterprise to deliver its services in a financially sustainable way.



GSBI Accelerator Methodology in Action: Juhudi Kilimo

The GSBI Accelerator is for organizations ready to scale. Based in Nairobi, Kenya, Nat Robinson started [Juhudi Kilimo](#) in 2009. Financing enables rural smallholder farmers to purchase productive assets such as high-yield dairy cows, poultry, and irrigation equipment, all of which can act as both collateral and income generators to service the loan. In addition to working on the business and operations, Robinson's mentors worked with him on his governance structure.

The organization was growing and there were significant amounts of capital coming in. It was time to formalize his board. Robinson's mentors worked with him to identify the skill sets and characteristics to be represented on the board. They also encouraged him to take a board position as well, so he could participate and manage more effectively.



CONCLUSION

Having worked with 365 social enterprises, GSBI has learned how to best help social enterprises scale. GSBI is itself scaling because of its methodology. Social entrepreneurs, in effect, teach GSBI how best to develop its own methodology. This is a true pedagogy of accompaniment.

While some aspects of GSBI are unique, we believe many of the lessons we have learned — and the GSBI methodology — are broadly applicable and can help the social enterprise movement realize its potential. We invite all people working with social enterprises to work with GSBI to continue refining this methodology and to adapt it for their own efforts.

GSBI offers a comprehensive set of capacity development programs. More than that, however, GSBI has evolved into an open access, co-learning laboratory. In partnership with the GSBI Network, GSBI now has global reach.

GSBI draws heavily from the expertise of Silicon Valley, which we believe can, when properly oriented, contribute substantially to the social enterprise movement, and broader efforts to promote a more just, sustainable, and humane world. We believe universities can play a vital role in the social entrepreneurship movement, provided that they allow practice to lead theory. In so doing, Silicon Valley and universities with a social justice mission can create more exits from poverty worldwide.

About the Authors



Andy Lieberman is Director of New Programs, GSBI. His passion is to leverage his background in technology, education, and international development to create innovative solutions that help social enterprises scale their reach and impact. In his role at GSBI, he leads curriculum development and builds partnerships for new programs. Before joining GSBI in 2008, Andy lived in Guatemala for many years, pioneering efforts to bring educational technology to rural communities and founding the NGO Ajb'atz' Enlace Quiche. His work received awards from the United Nations World Summit on the Information Society and The Tech Awards, and he participated in the GSBI v1.0 program in 2005 as a Guatemalan social entrepreneur. Andy has a B.S. degree in Electrical Engineering and Computer Science from U.C. Berkeley, an M.S. degree in Education from Capella University, and he did coursework in the Social Leaders program at the Tecnológico de Monterrey. He is also a reading judge for Mentor Capital Network's Socially Responsible Business Plan Competition.



Pamela Roussos is Senior Director, GSBI. She has worked with and for early-stage software companies as a business and marketing strategy leader, helping founders create, refine, and execute their business strategy and go-to-market plans. She has over 20 years of experience growing teams and delivering products for both large and startup software companies, working in various managerial capacities as business unit manager, vice president of marketing, COO, and CEO. Some of the companies Pamela has worked with include: Amdahl, Pure Software, Rational Software, 555-1212.com, Consera, Zend, and AppFirst. Pamela has been a mentor for the GSBI for 5 years. She also serves on the board of PACT, an international NGO that benefits communities by promoting healthy lifestyles, decent livelihoods, and sustainable natural resources, and as board chair for Livelyhoods, an organization that creates jobs for youth in slums.



Keith Douglass Warner OFM is a Franciscan Friar, and Director of Education and Action Research at the Miller Center for Social Entrepreneurship. Since coming to Santa Clara University in 2003, he has designed and implemented innovative, interdisciplinary educational programs that advance social justice and Catholic identity in higher education. He directs the Global Social Benefit Fellowship, which provides a comprehensive program of mentored, field-based study and research for undergraduates with GSBI social enterprises. He has a Ph.D. in Environmental Studies from UC Santa Cruz and an M.A. in Theology from the Franciscan School of Theology/Graduate Theological Union in Berkeley.

Endnotes

1. Martin, R. L., & Osberg, S. (2007). Social Entrepreneurship: The Case For Definition. *Stanford Social Innovation Review*, 5(2), 28-39.
2. Elkington, J., & Hartigan, P. (2013). *The Power Of Unreasonable People: How Social Entrepreneurs Create Markets That Change The World*. Harvard Business Press.
3. Kickul, J., & Lyons, T. (2012). *Understanding Social Entrepreneurship: The Relentless Pursuit Of Mission In An Ever Changing World*. Routledge.
4. Dees, J. Gregory. (1998). "The Meaning Of Social Entrepreneurship." Page 4. <https://csistg.gsb.stanford.edu/sites/csi.gsb.stanford.edu/files/TheMeaningofsocialEntrepreneurship.pdf>. Accessed March 23, 2015.
5. Yunus, M. (2007). *Creating A World Without Poverty: Social Business And The Future Of Capitalism*. Public Affairs.
6. The Millennium Development Goals Report 2014. <http://www.un.org/millenniumgoals/2014%20MDG%20report/MDG%202014%20English%20web.pdf>, accessed March 23, 2015.
7. For more information on the demand dividend, a variable payment option loan, appropriate for social enterprises, see <http://www.scu-social-entrepreneurship.org/impact-capital-resources/>
8. Modras, R. E. (2004). *Ignatian Humanism: A Dynamic Spirituality for the 21st Century*. Loyola Press. Kolvenbach, P., S.J. (2000). "The Service of Faith and the Promotion of Justice in American Jesuit Higher Education." Santa Clara Lecture (7)1, Santa Clara University. <http://www.scu.edu/ic/publications/upload/scl-0010-kolvenbach.pdf>
9. The Center was originally named the "Center for Science, Technology, and Society" but was renamed in 2015 to reflect its actual mission, in light of the success of its flagship program, GSBI.
10. Koh, H., Karamchandani, A., & Katz, R. (2012). *From Blueprint To Scale: The Case For Philanthropy In Impact Investing*. Acumen/The Monitor Group. <http://acumen.org/content/uploads/2013/03/From-Blueprint-to-Scale-Case-for-Philanthropy-in-Impact-Investing-Full-report.pdf>. Accessed March 23, 2015.



Thanks to Our Sponsors





GSBI®

THE MILLER CENTER for Social Entrepreneurship

Founded in 1997, the Miller Center for Social Entrepreneurship is one of three Centers of Distinction at Santa Clara University. The Miller Center accelerates global, innovation-based social entrepreneurship in service to humanity. Its strategic focus is on poverty eradication through its three areas of work: The Global Social Benefit Institute (GSBI®), Impact Capital, and Education and Action Research. To learn more about the Miller Center and its social entrepreneurship programs, please visit www.scu.edu/MillerCenter.