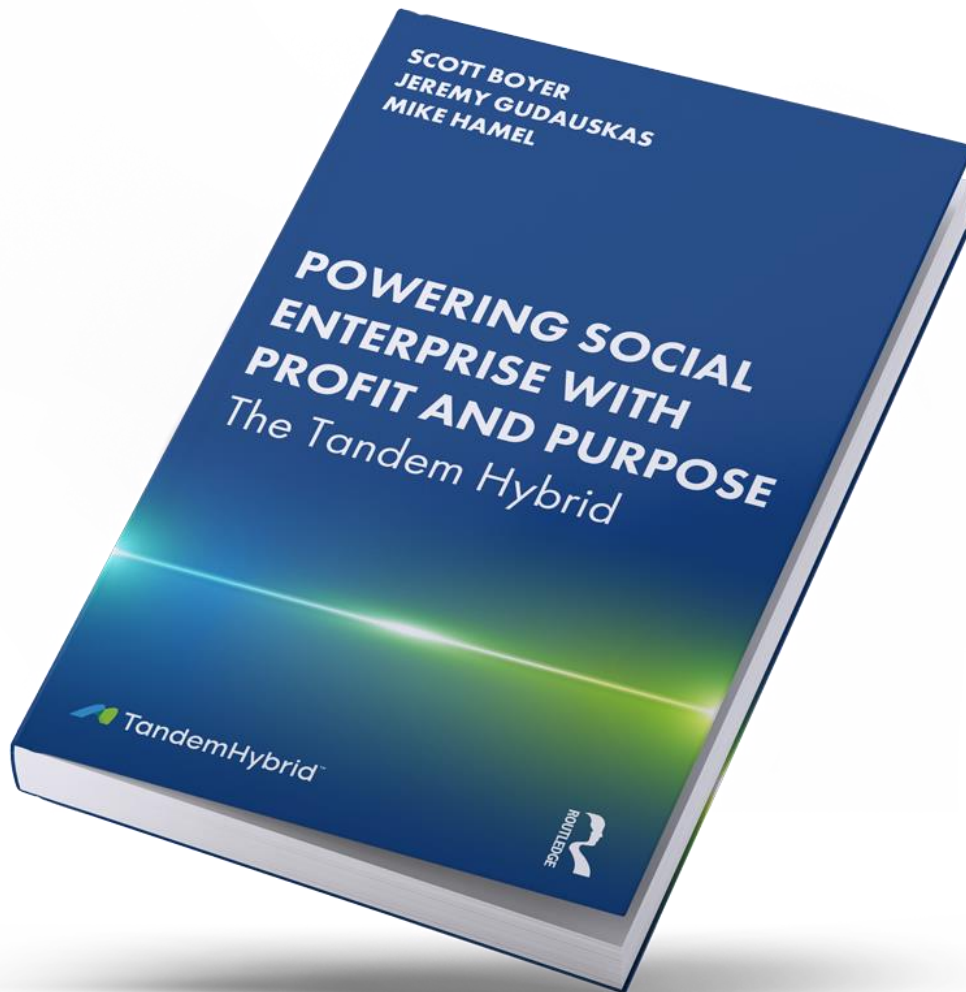


Teaching Guide



A companion resource for faculty and instructors

Find more resources at our website: www.tandemhybrid.co

To connect with the authors, contact: jeremy.gudauskas@tandemhybrid.co

About the book

This book is the result of an idea. But more than just an idea, it's the result of theory put into practice through hard work and creativity. The idea now exists in the real world. The vision for the “tandem hybrid” social enterprise that has come to life in OWP/ROW is available for anyone who wants to combine profit and purpose to meet the challenges facing our world today. We want this book to help guide, direct, and mentor others to launch profitable and impactful social enterprises. And if you're reading this Teaching Guide, chances are good that you want to help others do the same. We wrote this for you.

Having taught social enterprise at the university level for about a decade, I (Jeremy) was excited to get this book into the field, and in particular, into college and university classrooms. There are many great textbooks and resources now available to faculty and students (from which I have benefitted), but I think our book fills a gap. When addressing “hybrid” models of social enterprise, most books give a cursory treatment---maybe a paragraph, a page, or a section---to the concept of combining different legal entities to maximize profit and purpose. This book not only describes how to build a hybrid model (the Tandem Hybrid), but also showcases an example of starting one from concept, to launch, to growth. And, the model is presented as one option among many, so there's a lot to learn from all forms that a social enterprise can take.

How To Use This Book

While the heart of the book is presenting the “tandem hybrid” structure as a viable option in Part II, there is much to be gained from understanding the history and growth of corporate social responsibility and the social enterprise movement, including hybrid structures (Part I), and from the profiles and case studies of the large, traditional companies highlighted in our “lessons from history” section (Part III). Ultimately, we hope that our “Call to Action” resonates with anyone who wants to advance the profit-purpose agenda to create a better world.

Audiences

We wrote this book to help advance the social enterprise movement, to help students and practitioners understand how to best structure a social enterprise, and as a teaching tool for faculty and instructors (you!) who want to guide others in their social enterprise journey. This Teaching Guide is designed to

support you in that process. Whether you're teaching in a traditional classroom setting, as part of an incubator or accelerator program, or even as a business mentor, we've designed this book with you in mind. Current students need to have a clear view of structural options before they start building a venture. Recent grads and younger professionals—who have gained experience and perspective but no longer have the support structures of a campus—need a blueprint to guide them in the process. Veteran business owners might want to modify their structure to codify impact and purpose into the framework of the business need a vision to see how it could be possible. It's never too early to start thinking about structure, and it's also never too late.

Academic Settings

In a college or university setting, we see this book being useful in several ways. Certainly, forward-thinking institutions that are offering academic programs in social entrepreneurship, social innovation, or social enterprise will find this book to be a valuable and primary teaching tool—especially on the topic of hybrid business models. However, any business program can benefit from using it to enhance and complement the traditional core curriculum. Courses or modules in entrepreneurship, corporate social responsibility, business law, non-profit management, finance, international business and more can find this text as a useful supplement.

Teaching Social Enterprise

In my years of teaching social entrepreneurship, there are a few principles and practices that I've found to be especially useful. Simply reading and discussing books (even the best books) does not make for a full educational experience for students in the field of social enterprise. They need more than words on a page—they need to see, hear, and apply these principles in real life. And they need to learn from innovators who have gone before them. Here are three elements that I made sure to feature prominently in any course I taught.

Guest Speakers

Not only does it provide variety, inviting social enterprise practitioners to speak in class has a way of illuminating the material in a book. Students need real-life examples and the chance to pick the brains and hearts of those in the field. And while in-person guests are great, the ease of remote video calls makes it simple (and usually free) to invite social entrepreneurs, authors, and experts into your class from anywhere in the world. I have regularly hosted discussions with founders, organizational leaders, and even the authors of textbooks I was using in class (most authors are honored to speak to a class

reading their book—us included). Any of the companies profiled in our book might be willing to speak to your students; certainly, staff from OWP Pharmaceuticals and ROW Foundation would be delighted.

Field Experiences

In the same way that bringing guests into the classroom expands learning, bringing the classroom into the world makes social enterprise even more tangible. Where are the companies in your community (traditional businesses or social enterprises) that are focused on both profit and purpose? Can you bring your class for a short visit and tour? What organizations host events, lectures, discussions, or conferences focused on corporate social responsibility or social innovation? Most will not take place during scheduled class time, but offering flexible options for students to choose events that work for them and incorporating the experience into a journal assignment or class discussion can be a great way to break down the walls of the classroom. Not only are these experiences educational, they are also some of the most memorable, engaging, and enjoyable for students. And, for those who capitalize on it, they can be some of the best networking opportunities that often lead to contacts, referrals, internships, and jobs.

Applied Learning

In ten years of teaching social entrepreneurship, I never administered a single traditional test. Most credit-bearing work was focused on applying classroom learning to projects for which students would chose the topic; typically, they were designing a new venture from scratch. Each assignment built on the previous one, and by the end of the semester they had a full-fledged venture plan that they would pitch. If your campus or context has a pitch competition like ours did, students are ready to participate and compete for funding. Another approach, rather than designing their own ventures, is to have students take on real-life projects for local startups—this gives them a tangible challenge to complete, and puts them in the context of an entrepreneurial culture. Whatever your approach, do your best to find ways for students to apply the material they are learning to a real project.

How to Use This Teaching Guide

The following sections provide a summary of each chapter, along with curated content that you can use to enhance the classroom experience while using this book. This includes:

- **Articles or books** referenced in the text. In some cases, you may wish to assign these works for supplemental reading. Each will allow you to go deeper into the topic at hand.

- **Videos** that bring to life the person, organization, or issue discussed in the chapter. They are a great way to introduce a topic, kick off a discussion, or tell a story in a way that books cannot do.
- **Assignment ideas** to suggest how you might use the material for a class project or discussion.
- **Discussion questions** to simplify your preparation for journal prompts, small group discussions or whole-class conversations.

Foreword

We are honored to have Cheryl L. Dorsey, President of Echoing Green, write the foreword for the book. Cheryl is one of the leading voices in the social enterprise movement (access her bio [here](#)), so don't miss the opportunity to use this as a teaching tool. Here are a few ideas:

Related Article

- Dorsey, Cheryl. "[Early-stage Entrepreneurs Can Drive New Social Movements.](#)" Stanford Social Innovation Review, January 2018.

Cheryl references this article in the foreword, in which she describes the importance of authenticity in entrepreneurs who spur new social movements and how they: mine their personal experiences, hack the current system, and often anchor new social movements via a new organization that drives community action.

Videos

- CNBCAfrica, Dangerous Women Leading Onward: [Profile and Interview with Cheryl Dorsey](#) (25:00)

Cheryl discusses her personal background and what led her into the field of social innovation, as well as the mission of Echoing Green, particularly in the mission of racial equity (Note: interview starts at 2:50).

- Skoll Foundation, Introduction: [Cheryl Dorsey](#) (1:18)

A short introduction to Cheryl Dorsey in her own words, sharing the power of social innovation to lift people out of poverty.

Assignment Idea

- Profiles of Echoing Green Fellows

For over 35 years, Echoing Green has been on the front lines of solving the world's biggest problems by raising up transformational leaders who challenge the status quo. Profiles of these leaders, "Echoing Green Fellows," can be found on their website. An effective method of introducing a wide spectrum of real social enterprises is to have students create a short profile of an Echoing Green Fellow of their choice. Let students search the [database of Echoing Green Fellows](#) by issue area and select a fellow/organization that they find interesting. Have them create a single visual slide that captures the "bold idea" of their chosen social enterprise, and give them 2-3 minutes to share about it in class. This gives students agency to identify with a cause they care about and an example of a creative solution to a social challenge. It also provides the entire class with rapid-fire examples of the diverse ways in which social entrepreneurs are creating change.

Introduction

Whatever you do with this book, don't skip the Introduction! It provides the backstory to Scott Boyer's vision for starting OWP Pharmaceuticals and the ROW Foundation, and there's a lot of good content you can use to supplement the text. Here are a few ideas:

Assignment Idea

- Case Study: [OWP | Social Enterprise Business Models](#)

This is a great tool to use BEFORE students start reading the book and understand the concept of the “tandem hybrid” model. It presents Scott's original context and challenge of finding a business structure that suited his goal of creating a pharmaceutical company with a social mission. Presenting students with three viable options, it challenges students to put themselves in Scott's position and think critically about how form follows function—before explaining the route chosen for OWP Pharmaceuticals (includes discussion questions).

Videos

- Scott Boyer's Story: [Vision Fulfilled](#) (4:28)

A profile of Scott Boyer describing his motivation for launching a pharmaceutical social enterprise to address medical and social injustice, along with early beneficiaries of ROW Foundation.

Websites

- OWP Pharmaceuticals: <https://owppharma.com/>

See how the for-profit business frames its purpose in a commercial market.

- ROW Global Health: <https://rowglobal.org/>

See how the public charity and private foundation frame their purpose(s) in a philanthropic context.

Part I: Commercial and Social Enterprises

Overview

Part I lays an important foundation for understanding the philosophy and history of the corporate social responsibility movement and the corresponding rise in social entrepreneurship and social enterprise. After looking at the power of traditional commercial enterprise to be a force for good, Part I then dives into the difference between for-profit, non-profit, and hybrid structures—with a nuanced explanation of what “hybrid” means in this context.

Chapter 1

For Profit | Commercial Enterprises

Chapter 1 is designed to show how the former way of doing business (shareholder capitalism) has given way to a new approach (stakeholder capitalism); even businesses without a social mission need to be good corporate citizens if they want to survive and thrive – and they can do a lot of good in the process. This chapter should challenge traditionally-minded business students to think about the ROI of purpose, and more socially-minded students to think about the power of business to create positive change. This chapter serves as a great primer for any student of business or social responsibility to understand the current state of “conscious” capitalism.

Additional Readings

- Book: *Social Responsibilities of the Businessman*; Howard Bowen, 1953
Considered the seminal book on Corporate Social Responsibility, Bowen presents the first comprehensive treatment of the role and responsibility of ethical business in society.
- Article: “[A Friedman Doctrine—The Social Responsibility Of Business Is to Increase Its Profits](#)”; *New York Times*, 1970
Students often hear references to Milton Friedman, but reading his words in full context lead to rich discussion and debate. This influential piece presents the view that dominated business minds for decades.
- Article: “[A Sense of Purpose](#)”; *Larry Fink Letter to CEOs*, 2018
The “watershed” moment where Blackrock’s leader put a stake in the ground for stakeholder capitalism.
- Article: “[Profit and Purpose](#)”; *Larry Fink Letter to CEOs*, 2019
Despite the backlash from 2018, Fink doubles down on purpose in his follow-up.
- Article: “[Business Roundtable Redefines the Purpose of a Corporation](#)”; *Business Roundtable Proclamation*, 2019

As an obituary to the Friedman Doctrine, this group of prominent corporate leaders pens an aspirational new definition of the purpose of a corporation. Spoiler alert—it's focused on stakeholder primacy.

Videos

- Martin Shkreli Documentary Trailer, 2021: "[Pharma Bro](#)" (2:36)

A quick glimpse into the complex character of Martin Shkreli to illuminate the opening story in Chapter 1. Students may wish to watch the full documentary on their own time, simply for entertainment.

- Dan Pallotta TED talk, 2013: "[The Way We Think About Charity is Dead Wrong](#)" (18:38)

Speaking with conviction from personal experience, Pallotta outlines the way charities are hamstrung because of frustrating double-standards. He makes the case for letting charities function with the tools of business.

- B Corp Overview: "[Transforming the global economy to benefit all people, communities, and the planet](#)"

A quick snapshot of how the B Corp movement defines itself and invites companies to join the growing network as a "force for good."

Assignment Idea

- Using the [B Impact Assessment tool](#)

What better way to help students learn how a business can make an impact than to have them walk through a rigorous assessment? You can do this as a class (I had a COO join our class to walk through it using his company as an example), or you can have students create an account walk through it with a local business owner. You/they of course won't be able to answer all the questions on the assessment without internal company knowledge and data, but just seeing the assessment questions takes them on a deeper journey of what it means to measure impact. Rather than requiring a completed assessment, a journal reflection on the type of questions, scope of categories, and what it would take a company to score an 80 will usually elicit some good learning and discussion. Alternatively, you could have students choose a Certified B Corp from the [B Corp Directory](#) and download a public assessment report.

Ch. 1 Discussion Questions

1. Was Martin Shkreli justified in raising the price of Daraprim 5000%? Why or why not?
2. If Milton Friedman were alive to ask Larry Fink this question, how would Fink reply? "Why should a company, rather than an individual, have any responsibility to society?"
3. With the rise of corporate social responsibility, how can you tell if a company actually lives out its stated values, rather than using them as a marketing tactic (greenwashing, etc)?

4. Do certifications like “B Corp” (or “Fair Trade,” “Organic,” “Non-GMO”) mean anything to you? If so, why? If not, why not?
5. What structure is more powerful to create social change, a for-profit company or a non-profit organization?

Chapter 2

For Purpose | Social Enterprises

The second chapter explores the beginnings and rapid growth of social entrepreneurship, including the key individuals and organizations that sparked a movement that continues to expand. A robust ecosystem now exists to support social enterprises by providing resources, networks, knowledge, and funding for their mission-driven organizations. We also tackle the sometimes-difficult task of defining social enterprise/social entrepreneurship by looking at seminal works by academics and practitioners. Finally, we unpack the different structural and organizational models typically used by social enterprises: either non-profit or for-profit entities. This sets the table for digging deeper into hybrid models in Chapter 3.

Additional Readings

- Book: *How to Change the World*; David Borstein, 2007

The first and best authoritative documentation of the social entrepreneurship movement, with profiles of pioneering men and women from past and recent history. Also covers the life and growth of Bill Drayton and Ashoka as the world's leading network of social entrepreneurs.

- Book: *A Selfish Plan to Change the World*; Justin Dillon, 2017

A fascinating read based on the life of modern-day abolitionist Justin Dillon, who is using a tech platform to combat forced labor in supply chains. This book combines illustrative examples from the author's life, along with deep principles of changemaking, and it is a great complement to other class texts (and from my experience, this will be the book that changes students' lives).

- Article: "[The Meaning of Social Entrepreneurship](#)"; Greg Dees, Duke University, 2001.

The original work of the late, great Greg Dees at Duke. A definition that still stands strong 20+ years later, setting the distinction between traditional business entrepreneurs and social entrepreneurs, and explaining the role of social entrepreneurs as change agents in the social sector.

- Article: "[Social Entrepreneurship: The Case for Definition](#)"; Roger Martin and Sally Osberg, *Stanford Social Innovation Review*, 2007.

Building on the work of Dees, this article is a comprehensive attempt to narrow the definition of social entrepreneurship (contrasting with commercial entrepreneurship and other social justice efforts) in order to retain the unique and distinguishing features of social entrepreneurship.

Videos

- TOMS Shoes mini-doc: "[The Rise and Fall of TOMS Shoes](#)"; Business Insider, 2020 (10:00).

A close examination of the factors that led to the explosive growth of TOMS, followed by the decisions that led to the forced removal of founder Blake MyCoskie.

- [“Social Entrepreneurship: Pioneering Social Change”](#); Skoll Foundation, 2008 (9:03).

One of the best overviews of the early social entrepreneurship movement, starting with the story of Muhammad Yunus and Grameen Bank, and featuring many prominent voices from supporting organizations (Ashoka, Skoll Foundation, Acumen Fund).

- [“Ashoka is...”](#); Ashoka, 2014 (5:10).

Snapshots of Ashoka social entrepreneurs; provides students with an understanding of the scope of issues that social entrepreneurs seek to address and how they create change.

- [“FRDM Explainer Video”](#); FRDM (2:08)

A short and descriptive video detailing this for-profit social enterprise model that seeks to eliminate modern-day slavery by providing transparency in supply chains for some of the world’s largest companies.

- [“Goodwill: Behind the Scenes”](#); Goodwill Industries (10:13).

An interesting look behind the doors where people drop off their donations, and into the billion-dollar non-profit model that reduces waste and helps people get jobs.

Assignment Idea

- Defining Social Entrepreneurship

This can be a short journal assignment, or an in-class exercise. After reading Chapter 2 and the various attempts to define the term “social entrepreneurship,” ask students to write their own 1-sentence definition. Because it’s difficult to synthesize every aspect of the longer definitions in the articles into one sentence, you’ll find that students will focus on specific aspects that resonate with them. During class, have each student share their definition, and have them reflect on and discuss their classmates’ definitions. If desired, you could attempt to highlight key elements that surface in their definitions, and even try to create a “class definition.”

Discussion Questions

1. Before reading this chapter, what was your impression of TOMS Shoes? Having read the chapter, what did TOMS do right, and what could they have done differently to maximize both profit and purpose?
2. The chapter highlights the six characteristics that David Borstein says are common to social entrepreneurs. Discuss how these are similar to or different from commercial entrepreneurs:
 - Willingness to self-correct
 - Willingness to share credit
 - Willingness to break free from established structures
 - Willingness to cross disciplinary boundaries
 - Willingness to work quietly
 - Strong ethical impetus

3. Look at the three-pronged definition of social entrepreneurship provided by Roger Martin and Sally Osberg on pages 19/20. What stands out to you? How would you explain this definition in your own words?
4. What are the advantages of choosing a for-profit structure for a social enterprise? In addition to the book's example (FRDM), what are some other examples of successful for-profit social enterprises?
5. What are the advantages of choosing a non-profit structure for a social enterprise? In addition to the book's example (Goodwill Industries), what are some other examples of successful non-profit social enterprises?

Chapter 3

Combining Profit and Purpose | Hybrid Social Enterprises

Chapter 3 dives deeper into hybrid organizing models, first looking at the advantages and challenges of combining profit and purpose (in theory) and then looking at structures that try to lock in both profit and purpose (in action). After explaining new for-profit legal structures that attempt to offer social enterprises protection for their mission (L3C, Benefit Corporation) in a single entity, we look at various ways that for-profit and non-profit organizations can be combined for even more benefit. This sets the stage for explaining the “tandem hybrid” model in Chapter 4, and throughout Part II.

Additional Readings

- Book: *The Mission-Driven Venture: Business Solutions to the World’s Most Vexing Social Problems*; Marc Lane, 2015.

Written by the Chicago-based attorney who has been influential in writing legislation for the L3C structure, this book is a great tool in the social enterprise toolkit.

- Article: “[In search of the Hybrid Ideal](#)”; Julie Battilana, Matthew Lee, John Walker, & Cheryl Dorsey, *Stanford Social Innovation Review*, 2012.

An enlightening study conducted by researchers at Harvard Business School and Echoing Green explains how organizations attempt to merge aspects of non-profit and pro-profit models and discusses the challenges and opportunities of hybrid structures.

- Article: “[The Rise of Hybrids](#)”; Paulami Mitra, Jill Kickul, Lisa Gundry, Jacqueline Orr, *International Review of Entrepreneurship*, 2019

Meant for social entrepreneurship educators, this article goes under the hood to point out the gaps in the literature on hybrid organizing. It reveals areas of focus that faculty (and students) should be aware of, and which we try to address in this book.

- Article: “[Earth is Now our Only Shareholder](#)”; Yvon Chouinard, *Patagonia website*, 2022

Patagonia’s groundbreaking announcement about how they restructured ownership in a way that keeps control of the mission and delivers ongoing funding to fight the climate crisis through their trust and nonprofit organization.

- Article: “[For Love or Lucre](#)”; Jim Fruchterman, *Stanford Social Innovation Review*, 2011

For the full context of the pros/cons list included in this chapter for hybrid organizing, see the original article for more helpful advice.

Videos

- “[Why B Corps Matter](#)”; B Lab (5:58)

A great explanation of the B Corp Certification, the purpose behind it, and a look at some of the companies and their leaders that are propelling the movement forward.

- [“Etsy – Why We’re a B Corp”](#); B Lab (3:14)

A glimpse inside the Etsy headquarters to hear, in their voice, why B Corp Certification reflects their values and validates their social and environmental mission.

- [“Patagonia Founder Gives Away Company to Fight Climate Crisis”](#); Reuters (1:57)

A short news piece explaining Patagonia’s announcement to “give away the company” to funnel profits into their mission of “saving our home planet.”

- [“How Newman’s Own, Inc. got its start making delicious foods and giving away 100% of the profits”](#); Newman’s Own (2:02)

A quick background on the origin and growth of Newman’s Own products and philanthropy, including a clip from Paul Newman’s appearance on the Tonight Show with Jay Leno.

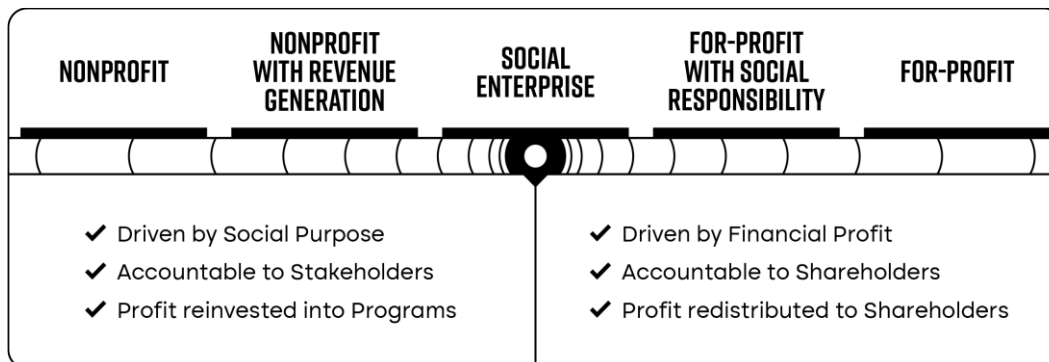
- [“Pierre Omidyar talks about Omidyar Network’s hybrid model approach to philanthropy”](#); Omidyar Network (2:55)

In an interview with Bridgespan Group, founder Pierre Omidyar discusses their hybrid model referenced as an example in this chapter.

Assignment Idea

- The Hybrid Balancing Act

Based on the figure below in Chapter 3 (fig. 3.1), ask students to find and write a short profile (one paragraph) of one organization that fits each category shown. For the “Social Enterprise” category, ask them to find a venture that is structured as an L3C, benefit corporation, or a multi-entity combination of for-profit and nonprofit. This will help students apply the learnings in this chapter and give them real examples of organizations that are (or aren’t) trying to blend profit and purpose. (Alternatively, you could ask each student to find one organization that fits one category and write a more in-depth profile). Have students share their choices in class and discuss.



Discussion Questions

1. What examples have you seen of organizations adopting more of a hybrid approach—either traditional non-profits integrating financial value creation, or traditional for-profits integrating social value creation?
2. How and why can “mission drift” be a concern for hybrid organizations trying to balance profit and purpose?
3. What benefits might the L3C structure or the benefit corporation structure offer a social enterprise?
4. What’s the difference between a Certified B Corp and the legal structure of a benefit corporation?
5. Why would a non-profit launch a for-profit subsidiary? Why would a for-profit partner with a non-profit organization? (consider Jim Fruchterman’s pros/cons at the end of the chapter)

Chapter 4

The Next Level | Tandem Hybrid Social Enterprises

Chapter 4 introduces the specific hybrid form for a social enterprise that utilizes both a for-profit and a non-profit organization: the tandem hybrid. Illuminated by the “Scott’s Story” sections, this form is based on the success of OWP Pharmaceuticals and the ROW Foundation. In addition to the unique dual-entity structure, we introduce the four pillars of a tandem hybrid social enterprise (important for other models as well):

- Driven by a compelling social mission
- Financed by commercial success
- Structured to retain control
- Sustainable and scalable for the long haul

Additional Reading

- Book: *Social Enterprise 2.0: The OWP Difference*; Mike Hamel, 2021.

Fellow author Mike Hamel tells more of the story behind the model described in this book; the people, ideas, and connections that led to the formation of OWP and ROW.

- Report: [ROW Global Health Program Report](#)

To see the impact of the tandem hybrid model, this report provides a snapshot of the work of ROW in 35+ countries to narrow the epilepsy treatment gap – proof that the model is working.

Videos

- Promotional Video: “[OWP and ROW Create The Pharmaceutical Social Enterprise](#)”; OWP (3:26)

The very first promotional video for OWP and ROW explaining the model in 2016. See how the message was shaped from the very beginning as a new form of social enterprise.

- TEDxNorthCentralCollege, 2016: “[The New Frontier of Social Enterprise](#)” (14:43)

Watch Scott describe his idea for OWP and ROW just as he was getting off the ground in 2016.

- Michael Porter TED Talk, 2013: “[The Case for Letting Business Solve Social Problems](#)” (16:15)

Fortune Magazine called Porter “the most famous and influential business professor who has ever lived.” In this seminal talk, he articulates the reasons business is well-suited to address the world’s problems. A talk that was influential to Scott Boyer.

- “[Our Gift to Armenia](#)”; OWP (1:59)

This video tells the story behind the very first grant provided by ROW Foundation – a milestone that provided hope and inspiration; not just for the recipients, but for the success of the model.

Assignment Idea

- Searching for Tandem Hybrids

Ask students to search for examples of other social enterprises that use both a for-profit and non-profit organization in tandem to accomplish their mission. How are they similar to or different from the structure of OWP and ROW? Explain if/how they are 1) Driven by a compelling social mission; 2) Financed by commercial success; 3) Structured to retain control, and 4) Sustainable and scalable for the long haul. This assignment could be in the form of a journal entry or a 1-page report that is shared aloud during class, with the goal of stimulating discussion about the model.

Discussion Questions

1. Have you ever ridden on a tandem bicycle? What were the benefits? What were the drawbacks? How does this analogy relate to the tandem hybrid social enterprise model?
2. *Driven by a compelling social mission*: What do you think about Scott's decision to leave a well-paying pharma job to try to tackle a global health issue? Do you have a cause that you care about that you'd be willing to take a risk (even a small one) to try to address?
3. *Financed by commercial success*: What advantages does a social enterprise have if it is funded by the revenue of commercial sales? What challenges might this present?
4. *Structured to retain control*: Why is it important to think about ownership and control as you are launching a social venture? How might the decision you make at the start affect you later?
5. *Sustainable and scalable for the long haul*: What do social enterprises need to grow and expand their impact and influence to address complex social challenges at a global scale? How might structure help or hinder them in this pursuit?

Part II: Building Tandem Hybrid Social Enterprises

Overview

Part II breaks down each of the four elements of the tandem hybrid model in detail. We discuss how to find and define your mission, how to look for funding and develop a profit engine, how to create a structure that will last, and how to position your social enterprise for maximum growth and impact. Each chapter provides insights learned from both the successes and the challenges of launching OWP and ROW.

Chapter 5

Driven by a Compelling Social Mission

Why do people start social enterprises? In Chapter 5, we examine the motives of mission and money, and explain why you can't have the former without the latter. While many people have a general goal of doing something good with their business, they may not always have a well-defined mission. We spend a good part of Chapter 5 giving guidance based on what you care about, what experiences you have, what you're good at, and what the world needs. This type of self-reflection is essential before launching a venture that will require a lot of investment of time and money.

Additional Reading

- Article: [“14 Effective Ways To Tie A Social Mission Into Your Business”](#); Forbes, January 2021.

Another perspective on considerations when choosing a social mission from members of the Forbes Business Council.

Videos

- Simon Sinek TED Talk 2014: [“How Great Leaders Inspire Action”](#)

Author of the classic “Start With Why,” Simon Sinek explores how leaders can inspire cooperation, trust and change.

- CliftonStrengths: [“Understanding the 34 Themes of CliftonStrengths”](#)

A quick introduction to the concept of strengths-based leadership as described by CliftonStrengths (formerly StrengthsFinder); important for social entrepreneurs looking to understand their innate talents and how to apply them to their work.

Assignment Idea

- Mission Definition

Ask each student to journal through the “Finding Your Mission” section starting on p. 57, and answer the questions and write any reflections throughout the following sections:

- What do you care about?
- What experience do you have?
- What are you good at?
- What does the world need?

Have students bring their journal responses to class and discuss using the prompts below.

Discussion Questions

1. What are three social or environmental issues that you wish could be solved?
2. Of the three issues you mentioned, do you have personal or close experience with any of them?
3. Of the three issues you mentioned, do you have any skills or knowledge related to one or more of them?
4. Of the three issues you mentioned, which one/s is/are most pressing that need a solution?
5. What's your reaction to Scott's comment: "If you can't put a limit on personal wealth, then starting a tandem hybrid social enterprise isn't for you." How should social entrepreneurs think about building personal wealth vs. social good?

Chapter 6

Financed by Commercial Success

How should a social enterprise fund the mission? Chapter 6 dives into the vast array of possible funding sources for startups: bootstrapping, family and friends, crowd funding, pitch competitions, incubators/accelerators/fellowships, angel investors, family offices, impact investment firms, venture capital, private equity, and banks. Some sources will help drive the mission and help the founder keep control, and some introduce risk and other complicating factors. This chapter helps guide a founder toward the sources that will prevent mission drift and stay focused on purpose in perpetuity.

Additional Reading

- Article: "[A New Approach to Funding Social Enterprises](#)"; Harvard Business Review, January 2012.

Another perspective on considerations when choosing a social mission from members of the Forbes Business Council.

- Article: "[The Ultimate Guide to Funding Your Social Enterprise](#)"; Acumen Academy.

A helpful summary of various funding sources and their pros and cons, including embedded videos featuring experts and practitioners.

- Website: "[What is Impact Investing](#)"; SOCAP.

A good primer explaining the landscape of impact investing – important for founders to understand the perspectives and locations of those who might want to invest in their mission.

Assignment Idea

- Build a Funding Dashboard

Ask students to identify 5 potential funding sources for their venture idea among all the options referenced in the chapter – not just funding categories, but specific sources (ie, not just “Family and Friends,” but “Uncle Joe”). Next to the potential funding sources, have them list PROS and CONS of each source, how much they might realistically expect to receive, and how it might impact the mission and control of their venture moving forward.

Discussion Questions

1. What is “mission drift”? Can you think of an example of a company that strayed from its main objective?
2. How does that tandem hybrid model allow for “mission *draft*,” with the non-profit benefitting from the for-profit?
3. If you were launching a social enterprise today, what source would you look to first for funding, and why?

4. If you were launching a social enterprise today, what funding source would you be least interested in, and why?

5. When it comes to raising funds, why is it an advantage to have both a for-profit and non-profit entity?

Chapter 7

Structured to Retain Control

Why is retaining control important for a tandem hybrid social enterprise? Chapter 7 dives deeper into the ways in which a social enterprise can connect a for-profit and non-profit entity (and how OWP and ROW are connected), and why the structure can dictate long-term control. We encourage a long-term view for the organization(s), including management and succession planning.

Additional Readings

- Article: "[Making Hybrids Work: Aligning Business Models and Organizational Design for Social Enterprises](#)"; California Management Review, 2015

This article highlights a typology of social business hybrids and discusses how each of the four proposed types of hybrid organizations can be managed in order to avoid the danger of mission drift and better achieve financial sustainability.

- Article: "[10 Good Reasons Not to Seek Investors for your Business](#)"; Forbes, 2021

A good list of additional reasons to think twice before quickly going after as much cash as possible during the startup phase.

Assignment Idea

During the writing of this book, Patagonia made a major announcement (described in earlier chapters) about the restructuring of their company – now owned by the Holdfast Collective and the Patagonia Purpose Trust. This is another great example of a tandem hybrid enterprise.

For this assignment, have students (or groups) research more about Patagonia's model (starting here: <https://www.patagonia.com/ownership/>) and have them give a short presentation that answers questions like:

- Who owns Patagonia?
- What are the different entities, and what is their purpose? How are they connected?
- How does the structure lock in the mission?
- How have various stakeholders reacted to this change? (customers, employees, suppliers, community partners, etc)

Discussion Questions

1. Why do you think Scott was staunchly against utilizing venture capital and private equity he was launching OWP Pharmaceuticals?
2. How can a tandem hybrid social enterprise overcome the need for a large amount of startup capital (usually provided by VC)? What trade-offs might be necessary?

3. Why is it important that the for-profit and non-profit are structurally connected in the tandem hybrid model, rather than just working together as detached partners?
4. How can a social enterprise founder “start with the end in mind” by thinking beyond their own leadership (succession planning, longevity of the enterprise)?
5. Scott could have planned to quickly grow a profitable pharma company and then looked for an exit to sell the company for a lot of money (which he could donate to his cause). Why might that approach not best serve the mission in the long run?

Chapter 8

Sustainable and Scalable for the Long Haul

If a social enterprise has pursued the mission, financing, and structure elements in the right way, they are set up for success – which means they can scale and achieve lasting impact over time. Chapter 8 introduces a mindset for scaling, and dives into the importance of a unified culture and the important role of all stakeholders.

Additional Readings

- Article: "[How to Grow Without Losing What Makes You Great](#)"; INC Magazine, 2022
Lessons from large and successful companies (Starbucks, Intuit, Facebook) on the “delicate art” of scaling a business.
- Article: "[Growth vs. Scaling: What’s the Difference and Why Does it Matter?](#)"; Spendesk, 2021
Author Patrick Whatman dissects the definition of scaling, and addresses many factors for founders to think about as they seek to have “revenue increase without a substantial increase in resources.”

Assignment Idea

Have students research the origins of popular global brands and tell their “origin stories.” When and how were they founded, and how quickly did they see growth and scale? What were the key mechanisms that helped them rise? This could work well as a 1-slide, 3-5 minute presentation to give rapid examples for the class to be inspired by successful companies (not necessarily social enterprises) that have had a global impact.

Discussion Questions

1. What is the difference between growing and scaling?
2. To create a sustainable culture for the mission, what type of employees should a social enterprise seek to hire as they grow?
3. What are signs of healthy and unified culture in a social enterprise?
4. How can each of the stakeholder groups mentioned in the chapter help contribute to the success of the social enterprise over the long haul?
5. What are long-term signs of success for a tandem hybrid social enterprise?

Part III: Lessons From History

For this section we chose to focus on large, multi-generational companies that have stood the test of time – and, who have managed to do some significant good along the way. As we state in the introduction, “Imagine the impact of a social enterprise that mirrored the commercial success of these giants, but was built with a defined social purpose from the outset.”

Chapters 9-12

9. The Hershey Company | Mars Inc

10. Hormel Foods Corporation | Tyson Foods

11. H Lundback and Co | Novo Nordisk

12. Astra Zeneca | The Upjohn Company

Each of these chapters serve as case studies that compare and contrast companies in unique industries – candy, food, and pharmaceuticals (x2). In addition to being interesting historical narratives, each section highlights the founding, growth, and impact of the featured company and its related philanthropic efforts. Along the way, we’ve inserted succinct takeaways showcasing what we can learn from their success (or sometimes failure). For each company, we also look through the lens of our tandem hybrid model at any specific social mission, commercial success, control structures, and scalability/sustainability. Finally, each chapter concludes with “takeaways for social entrepreneurs” – simplified nuggets of wisdom that social enterprises can glean from these historical examples.

Suggestions for Using Chapters 9-12 in the classroom

Historical profiles such as these can put students in the context of the past, while having 20/20 hindsight. Using the information from the chapters, along with any additional research (from our footnotes or other sources), ask students to dig in and analyze a company for a paper or presentation. Even if you don’t assign all students to read all chapters, they can focus on one and learn from their classmates about the others. Here are some questions that could frame an assignment:

- What led to the company’s early success? What was its unique value proposition?
- When and how did the company begin to “give back” or pursue philanthropic goals?
- How did the company grow and scale its profit engine? How did it innovate?
- How is the company structured, and why has that structure allowed it to thrive?
- What impact did (and does) their philanthropy have and how is it measured?
- If you could provide consulting advice in the early days of the company, knowing what you know now, what would you recommend the company do differently to make an even bigger impact in its community/society?
- What can a startup social enterprise learn from this company?

Part IV: A Call to Action

Chapter 13

Move the Needle: How You Can Advance the Social Enterprise Movement

We wrote a book about social enterprise not just to provide good theory – we want to see action. This final chapter helps readers think about *if* they should start a social enterprise, and what they need to think about before they do. It also provides a succinct summary of the unique characteristics of for-profit, non-profit, and tandem hybrid structures (and tips for converting to the tandem hybrid structure for already-established organizations). We end with a summary of why the world needs more social enterprises, and we hope readers are left inspired to take at least one step to further the movement.

Additional Readings

- Article: "[Tackling Heropreneurship](#)"; Stanford Social Innovation Review; 2016

Daniella Papi-Thornton takes a critical look at the “everyone-a-founder” trend, and how we can move from “the social entrepreneur” to “social impact.”

Assignment Idea

- [The Impact Gap Canvas](#)

Related to the article above, Papi-Thornton has created a simple but essential tool for students and prospective founders to use prior to deciding to launch a new venture. This is a three-part exercise (that can be divided in three separate assignments) that ask participants to 1) map the problem – to fully understand the issue you are trying to solve, 2) map any previous or existing solutions – to fully understand how others are working toward addressing the same issue, and 3) find and analyze the gaps that exist between problem and solutions. Doing this prior to launch (or a business plan) will help students have a well-informed understanding of the scope of their topic and if/how they should approach designing a social enterprise to address it.

Resources

- [Ideo.org/tools](#)

An excellent suite of tools to help educators and practitioners understand and apply human-centered-design principles. Videos, articles, a design kit, and a very useful “Field Guide to Human-Centered Design” (book or free PDF download) can be used throughout a semester or project to aid in designing a solution to a social challenge.

Discussion Questions:

1. Why is it not always the best idea to start a new social enterprise?

2. What are some compelling reasons that a for-profit structure might be the best option? What are some compelling reasons that a non-profit structure might be the best option?
3. When might you consider the tandem hybrid model?
4. If your organization is past the startup stage, is it too late to consider the tandem hybrid structure? What are the considerations for business owners or non-profit leaders?
5. How can YOU help advance the social enterprise movement?