

Balancing act

Marlene J. Le Ber's research shows how social entrepreneurs are using hybrid organizations to straddle the worlds of business and philanthropy.

When public health expert Dr. Larry Brilliant was asked to lead Google.org, he was sceptical at first. That's because the organization, launched by Google Inc. to tackle poverty, disease, and global warming, was different from other charities. It was set up with a "for-profit" structure.

Ivey PhD student Marlene J. Le Ber first read about Google.org in the New York Times, and was immediately struck by the idea of a for-profit philanthropic company. Prior to Ivey, Le Ber was an "intrapreneur" in a not-for-profit organization, responsible for managing relationships with industry. The notion of hybrid organizing had always intrigued her.

"Hybrid" organizations that blur the lines between business and philanthropy are not new, but they're

becoming more common as people see them as a sustainable way to help solve the world's largest problems. "I see a large wave of social entrepreneurs amongst today's youth, who are really interested in using market forces for a common good," says Le Ber.

Although hybrid structures are becoming much more common, Le Ber found that there was very little research on the subject. In a recent paper, co-authored by Ivey professors Pratima Bansal and Oana Branzei, she examined how hybrids create both social and economic value.

Hybrid organizations come in many forms and configurations, but typically they combine market-based activities with a mission focused on a common good. "Hybrids use market forces to solve problems such as poverty, disease, illiteracy, inequality, and environmental degradation," says Le Ber. "They create social value and economic value at the same time." In her research, Le Ber studied a number of different hybrid organizations to better understand the mechanisms by which social value is converted to economic value, and vice versa.

Goodwill Industries in London, Ontario provides a good example of value

continued on next page...



Institute Buzz

By Stewart Thornhill,
Executive Director, Pierre
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Entrepreneurship

I am consistently impressed and amazed by the capacity of our entrepreneurial students, alumni and supporters to create value not only for the advancement of their own new venture interests, but also in support of the broader community of entrepreneurs across Canada and throughout the world.

In this edition of *Ivey Entrepreneur*, you'll read about one group of enterprising students who are raising funds in support of person-to-person micro-lending, and another who are contributing their time and expertise to educate and enable the next generation of entrepreneurs in developing economies. PhD candidate Marlene Le Ber discusses her research on hybrid organizations and how social entrepreneurs are blurring the lines between business and philanthropy. And with sadness and appreciation, our 'Alumni Spotlight' illuminates the life and contributions of Teddy Rosenberg, HBA '73 whose twin passions for entrepreneurship and education contributed immensely to the development of the Institute's programs and initiatives.

The third week of November 2009 was designated Global Entrepreneurship Week. Hosted in Canada by the Canada Youth Business Foundation (CYBF), the initiative has been adopted in more than 100 countries around the world. Prominent among the activities in Canada were Venture Forums organized by Ivey Alumni Association Chapters in Vancouver and Toronto. I had the privilege of attending both events and I can't help but be delighted and inspired by what I experienced in BC as well as Ontario.

Despite the geographic distance, the two events had a great deal in common: both featured presentations by entrepreneurs seeking investment capital with which to build their businesses; both were standing room only, indicating the high level of interest and enthusiasm for this type of forum; and both were characterized by high quality pitches and seasoned panellists, backed by the power and energy of the Ivey Alumni Network.

Congratulations and thanks to the organizers in Vancouver and Toronto! I hope we'll continue to see many more events in the years to come.

conversion. The mission of Goodwill is to “provide employment services to create opportunity for meaningful work promoting dignity and independence for people who need it most.” Its social value – meaningful work for those who are unemployable – is converted into economic value when employees repair and sell unwanted goods that would have ended up as landfill. Goodwill also fuels a cottage industry of entrepreneurs, people who buy items from Goodwill and then sell them for a profit through websites like eBay.

“If you don’t stay right in the middle you get pulled to one side or the other.”

In her research Le Ber found that a natural tension exists between the creation of social value and the creation of economic value. This tension is exacerbated when an organization is trying to grow. “The challenge for hybrids is to align their social mission with their market based activities in a way that promotes growth,” says Le Ber. “This requires a balancing act. If you don’t stay right in the middle you get pulled to one side or the other.”

Goodwill has discovered that there is a very fine balance between being as efficient as possible by keeping the number of employees to a minimum, and creating more social value through hiring more employees. “You can’t just pour all your money into the social mission,” says Le Ber. “You have to invest for the future if you want to keep growing.”

Goodwill has a program, *We are One*, specially designed to ease the tensions between the business of the organization and its social mission. *We are One* gives employees and staff an opportunity to discuss these tensions and develop strategies to keep them in balance.

Hybrids, like entrepreneurial organizations, need to continuously innovate in order to grow and compete. When an entrepreneur creates a successful business, other people will try to imitate its business model. The same is true with a hybrid, but social entrepreneurs tend to welcome competition rather than regard it as a

threat. “The ultimate goal of a social entrepreneur is social transformation,” says Le Ber. “To achieve that goal, you *want* people to copy you.” Even though social entrepreneurs hope that others will follow them, they must constantly innovate to remain viable in the market.

Le Ber’s research has important implications for managers of both hybrids and traditional organizations. The challenge for hybrids is to align the social purpose with the economic activity in a way that is sustainable. That requires a good understanding of the business model and how to create value for all stakeholders. For example, Goodwill’s goal is to provide work for employment challenged individuals, but to achieve that goal the organization needs to do a good job of looking after both its donors and its paying customers.

More traditional firms are adopting the idea of corporate social responsibility. As they look for ways to make their social and environmental missions more sustainable, they will inevitably move closer to the hybrid model. “For these organizations, as well as pure hybrids, the challenge for managers will be to create value for all parts of the business, and then balance those parts to achieve growth,” says Le Ber.

Whether or not hybrids become the way business is done in the future, as some predict, they are becoming an important vehicle for entrepreneurship. “Social entrepreneurs are the ones who are creating these organizations,” says Le Ber. “Hybrids and social entrepreneurs intersect around the idea of innovation.”

With more hybrid organizations springing up, Le Ber hopes to do further research on how they create value, convert it, and align all the parts to achieve growth. “Creating and running a hybrid is a real challenge,” she says. “Maybe that’s why the younger generations are attracted to them.”



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Leaders of three hybrid organizations talk about their business models

Peter Mogan, Cofounder, give/ Transformational Trading Network

“We have a purpose. We want to make a substantive improvement in the economies of the poorest communities in the world. If we make a lot of money and we don’t do that, we have not succeeded and if we do make a big difference to those economies and we are just marginally profitable, we have succeeded. So our success is measured in terms of our purpose, not in terms of our bottom line. But we also recognize that we need, and this is the thing that business people will tend to say and think and believe in, that profits to a business are as essential as food to a human being. You need it. If you don’t eat, you die. On the other hand, if you live to eat, you’re very unhealthy.”

Larry Brilliant, former Executive Director, Google.org

“You can’t fight market forces as effectively as if you were clever enough to find a way to ride market forces...We can’t bark at the Chinese and say you must use renewable energy, but if we can show a way and have the tools that electricity can be produced from solar, or thermal, or enhanced geothermal, or wind cheaper than from coal, then everyone will gravitate to that.”

Michelle Quintyn, CEO and President, Goodwill Industries, Ontario Great Lakes

“The tension between mission and business has to favour business in the get-in stages, when you’re really trying to lay your foundations, create your structures, and build your business model. I mean, it’s really about building business. And then, you can almost find a time where you become more at peace with the tension between mission and business. And then, you get to a time where you actually almost become like a philanthropist. So, you’re both business and generous supporter of programs based on profit.”



A world of opportunity

The Richard Ivey School of Business helps prepare students for success on the world stage, in part by incorporating global issues and opportunities for international learning into its core curriculum. In addition to exposing students to international business concepts and challenges in the classroom, the Ivey experience is enriched by the opportunity for students to share their knowledge, talents and resources in an international setting, teaching modern business skills to students and entrepreneurs in developing economies.

One of Ivey's most successful and established global initiatives is LEADER Project, a student-driven international economic development program that allows Ivey students to assume the mantle of instructor, to help educate and enable the next generation of entrepreneurs and business leaders in Eastern Europe and Russia.

The LEADER Vision

Launched in 1991 by Ivey MBA students, LEADER – Leading Education And Development in Emerging Regions – deploys teams of students to a number of international sites where they teach foundational business decision making and entrepreneurial skills over a two-week period. This rich exchange of knowledge and culture benefits both the overseas students and the Ivey volunteer instructors.

LEADER's primary mission is to provide a unique and valuable learning opportunity for eager students in eastern Europe and Russia. Simultaneously, LEADER

challenges Ivey's HBA, MBA and PhD instructors to find effective ways of adapting and conveying their knowledge and expertise to students who are often operating in substantially different business environments.

Entrepreneurial Focus

In 2004, LEADER developed curriculum specifically designed to engage individuals with entrepreneurial talent and ambition to assist them in moving forward through their own invention.

Ivey's Pierre L. Morrissette Institute for Entrepreneurship helped compile a suite of relevant cases and lectures to educate and enable first time entrepreneurs, while LEADER coordinators secured IFC financing and a training facility in Agro Soyuz, Ukraine.

In 2007, the entrepreneurship model was expanded beyond Ukraine to LEADER teaching sites in Moldova, Macedonia and Russia. Involving community business leaders has allowed LEADER to continue to remain relevant and meet the needs associated with changing economic conditions within the countries where it operates.

For more information, visit www.leaderproject.com



Student Watch | HBA Entrepreneurship Club

In addition to managing a full complement of courses, projects and exams, Ivey students find time to actively engage in extra-curricular clubs and activities, and do so with seemingly boundless enthusiasm, energy and ideas.

The students who lead Ivey's HBA Entrepreneurship Club are no exception. HBA 2010 candidates Mohamed Punjani, Mark Phelan, Oren Borovitch, Becky Carlin and Jonathan Quinn have combined entrepreneurship education and with charitable giving by hosting a Club networking event with a twist.

In addition to enhancing their own entrepreneurial networks and resources, students who attend the Club networking event also help entrepreneurs in developing economies do the same thing by raising funds for KIVA, a person-to-person micro-lending website that empowers individuals to lend to unique entrepreneurs around the globe.

"The importance of giving back to the community was our key motivation for incorporating a charitable element in our social event. KIVA focuses on assisting entrepreneurs worldwide and alleviates the obstacle of obtaining funding for individuals in developing countries with great ideas", say HBA Club co-president Mohamed Punjani. "We also wanted to remind the Ivey community that entrepreneurs will be integral in the forthcoming economic recovery and to draw attention to key emerging markets for future entrepreneurs in the HBA program." To learn more about this unique organization, visit www.KIVA.org



Alumni Spotlight | Teddy Rosenberg



Teddy Rosenberg, HBA '73 knew from a young age that she wanted a career in business and chose Ivey for its stellar reputation. Even though she went on to complete an MBA at Harvard, she says that "Ivey really set me on the path."

After completing her education, Teddy embarked on an exciting career in the tech sector interspersed with much adventure and world travel, including a year serving as a

United Nations volunteer in Malta. Teddy's professional career culminated in leadership positions with the enterprise software division of Delrina Corporation and CIBC Capital Partners' venture capital group. Five years ago, she chose semi-retirement and shortly thereafter decided to re-engage with Ivey.

"I had reached the point when it was time to think seriously about giving back," she said. "Ivey was one of the places I felt I owed a debt."

Teddy joined Ivey's Entrepreneurship Advisory Council as it was undergoing renewal, and participated in key strategic planning. As Chair of the Teaching Committee, she believed that entrepreneurial education was vital. "I don't think you can teach people to want to be an entrepreneur," she said, "but you can certainly teach them how to do it successfully."

On September 30, 2009 after quietly battling breast cancer Teddy Rosenberg passed away. The following tributes were submitted to Ivey Entrepreneur by fellow alumni and friends:

People who knew her will miss her honesty, directness, logic, acuity and no nonsense approach to life. Teddy was professionally successful but was not consumed by it. She loved literature and art, and read widely. She ran long distances, studied French and was involved with several charities. She loved to watch the goldfinches and hummingbirds, and appreciated the beauty of a single orchid.

– *David Latner, Friend*

I was always impressed by Teddy's intellect, drive, enthusiasm and endlessly positive attitude. This was echoed in speeches by the Rabbi and Teddy's brother at her funeral service. It was also very nice to hear Ivey's Institute for Entrepreneurship mentioned quite prominently. It was obvious that what we are working on was very important to Teddy.

As when anyone passes away, especially this young, it was a sad affair, but the service captured very well Teddy's passion and joy for life. I left even more impressed, and consequently even more saddened, that we won't have the benefit of her involvement any more. – *Dave Wright, HBA '83*

I kept in touch with Teddy over the past few months as she was someone you could only enjoy their company. One of the very few people who had such a genuine persona. Caring, giving and passionate in anything she tackled. Self-effacing yet she wasn't afraid to speak her mind.

It didn't surprise me when she told me just a month ago that she was 'at peace'; she was happy to simply have an opportunity to laugh. I was honoured to call her my friend. – *David Anyon, EMBA '97*

Unfortunately, I knew Teddy for far too short of a time. She was smart, focused and so capable – all of which I admired. She was clearly devoted to Ivey and through that devotion left her mark of accomplishment. – *John Rothschild, MBA '73*

I had the honour and good fortune to meet Teddy when we were both new Delrina employees about fifteen years ago. We eventually went on to pursue our separate careers but our paths thankfully crossed many times given our shared interest in innovation and entrepreneurship. We worked together for several years on the Entrepreneurship Council at Ivey and we bumped into each other occasionally in one venture capital forum or another. Teddy was always a trusted and respected friend and sounding board. With a heavy heart, but also with great thanks, I will remember Teddy's intellect, humour, piercing insight and plain common sense. In a world of ever-increasing complexity, Teddy offered the gift of clarity. I will miss her smile.

– *Ron Close, HBA '81*

To honour Teddy's memory, the Institute has made a donation to the Tevya Rosenberg Fund which supports the work of the Diagnostic Imaging Department at Sunnybrook Hospital where she received treatment. For information or to make a donation, visit www.sunnybrookfoundation.ca

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This newsletter is published for individuals in business and academic life who have a particular interest in entrepreneurship. If you have any comments or questions please contact us. If you or your organization would like to obtain a copy of this newsletter, free-of-charge, please contact:

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