

Are Diversity Directors
Really Valued?

Only a Poor Leader
Says He Has No Choice

John Naisbitt: How to
Think About the Future

THE CONFERENCE BOARD 

review

a magazine of ideas and opinion

Can We Turn Back The Rising Tide of **Incompetence?**



Over lunch in his bank's private dining room, I asked Olavo Setubal the most obvious question that comes to mind when visiting Brazil: "With your tremendous economic potential, what's the plan to eradicate Brazil's poverty?" I figured that, as the former foreign minister of the country, ex-mayor of São Paulo, and current chairman of Banco Itaú, the nation's second-largest private bank (which his family owns), he would have a ready answer for what Brazil was doing about its 95 million citizens living in abject poverty.

deavors. And they're in good company. Sliwa, Fuller, and Gates are part of a growing worldwide phenomena broadly defined as social entrepreneurship.

Clearly, it's an idea whose time has come. Google "social entrepreneurship" and more than two million links pop up. *USA Today* and the *Financial Times* have recently reported on it, PBS aired a four-part series about it last year, and *Fast Company* just announced its third annual "Social Capitalist Awards," an effort to "seek out and evaluate the cream of entrepreneurial organizations in the social

gle-handedly founding the American Red Cross 125 years ago, the multiracial group of six brave citizens creating the NAACP in 1909, Muhammad Yunus of Grameen Bank inventing the revolutionary concept of micro-credit for peasant businesses in the 1970s, right up to Jeffrey Sachs, "the most important economist in the world today," according to *The New York Times*, becoming a one-man tsunami for ending world poverty by 2025.

While social entrepreneurs come from all walks of life, there's no doubt that famous business entrepreneurs, those who

Don't Give Up Your Day Job

BY LARRY FARRELL



But think seriously about using your entrepreneurial spirit to make the world a better place.

He did, but it wasn't what I expected: "There is no plan," he said. "The world has always had, and always will have, poor people. Only you Americans think we can eliminate poverty."

Was he right? Are there unsolvable socioeconomic problems in the world that we foolishly keep trying to solve?

If so, it would certainly come as a shock to the likes of Curtis Sliwa, founder of the rough-and-tumble Guardian Angels; Millard Fuller, the visionary behind Habitat for Humanity; and Bill Gates, the world's richest man. What does this unlikely trio have in common? They're all trying to solve big social problems through their own nonprofit en-

sector." So what exactly is social entrepreneurship? The baseline definition goes something like this: Social entrepreneurship applies classic entrepreneurial behavior to create and implement sustainable solutions to important social problems. Klaus Schwab, who founded the blue-chip World Economic Forum in Davos thirty-five years ago, and its recent offshoot The Schwab Foundation for Social Entrepreneurship, probably said it best: "The social entrepreneur combines the characteristics represented by Richard Branson and Mother Teresa."

When I think about great social crusaders and problem-solvers, certain images come to mind: Clara Barton sin-

had originally started for-profit companies, have been largely responsible for propelling the concept onto the national consciousness. In our current entrepreneurial age, there are record numbers of successful entrepreneurs who have money to burn and want to see it put to good use. They go about spending their fortune with the same entrepreneurial passion they had in making it. Ergo, we're seeing a lot of hands-on, entrepreneurially driven philanthropic organizations guided by master entrepreneurs like Bill Gates, Ted Turner, Tom Monaghan of Domino's Pizza, Oprah Winfrey, Ben Cohen of Ben & Jerry's, and Google's Sergey Brin and Larry Page—not to men-

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tion the Oracle of Omaha, Warren Buffett, lurking in the background.

Of course we're not all going to have Gates's billions or Winfrey's platform to solve the world's problems. But we all *can* identify important social needs in our own communities, try to create innovative and sustainable approaches to address their needs, and get started with a small-scale, practical plan. That's exactly how these successful social entrepreneurs from around the world got their ventures up and running:

Africa: In 1990, Moses Zulu organized a tent shelter to help a few Zambian children orphaned by the AIDS epidemic. Today, Children's Town is a bustling, self-contained community with twenty-two staff members providing housing, food, and vocational education to more than three hundred children each year.

South America: Maria Teresa Leal, a schoolteacher, founded Coopa-Roca in 1981 by starting a sewing cooperative in the largest slum in Rio de Janeiro. Today the cooperative has 150 seamstress/owners producing and distributing women's apparel across Brazil. Last year, they began exporting to Europe.

Asia: In 1989, at age 26, Kailash Satyarthi, an electrical engineer, mounted his first raid on a bonded child-worker factory. By now he has liberated forty thousand such enslaved children in India and heads up an international movement, Global March Against Child Labor, with affiliates in 140 countries.

North America: Dan West, a young farmer in Indiana, figured out years ago that poor children "don't need a cup—they need a cow." He made his first shipment of donated heifers to poor families in Puerto Rico in 1944. Sixty-two years later, Heifer International is still going strong and has provided food-producing animals to millions of poor families in 115 countries.

I also recently saw firsthand the important impact that social entrepreneurship can have. I was in Ecuador addressing the International Association of Hispanic Women Entrepreneurs. My wife and daughter, who traveled with me, had each

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been sponsoring an Ecuadorian child through Children International. CI, established in 1936 in Kansas City, is helping 300,000 poor children around the world break the cycle of extreme poverty "to become healthy, educated, self-sustaining and contributing members of society." With over 80 percent of its \$110 million annual income going directly to children's programs, CI is recognized as one of the world's most efficient philanthropic organizations. We visited each child's home, one in Guayaquil and the other in Quito, and saw firsthand both the enormous need and the enormous help that small monthly contributions can make in the health and education of poor children. This personal contact made a profound impact on us—and gave us an everlasting appreciation for the efficient, effective, and highly entrepreneurial work of organizations such as Children International.

Perhaps you crave to do something, even part-time, a bit more rewarding than simply selling more widgets to more consumers. Or maybe you have already retired but just can't see spending the rest of your life knocking little round balls into little round holes. Once you get involved as a start-up social entrepreneur, it just might be the most satisfying work you ever do. However, any aspiring social entrepreneur should consider a few important points. First, giving Mr. Setubal his due, fixing the world is a daunting

challenge. It's not about making a fancier iPod or serving the smoothest caffè lattes in town. Social entrepreneurship is about permanently improving people's lives—and that isn't easy. The startling case of rising unemployment in India is instructive. Last year, I spoke at an economic-development conference in Bangalore and was followed to the podium by an Indian government economist who reported that India must create ten million new jobs a year just to keep up with its population growth. But the most it has ever created in one year is 4.5 million. So while the conventional wisdom is that India is an up-and-coming economic miracle, in the all-important category of jobs, it's actually getting *poorer* each year. To fix this looming social crisis, India needs to find an "economic Gandhi" right away, or at least a Jeffrey Sachs and a Muhammad Yunus working together.

Second, the popularized notion of social entrepreneurship is in danger of becoming a "movement" for various gurus and academics. Burrowed into the millions of Google references are way too many institutes, business-school courses, research grants, and award programs naming a "social entrepreneur of the year." In the avalanche of literature being generated, there are huge debates over who has coined the best definition and whether this organization or that really fits the description. I'm sure the definition and examples I've used in this column will come under fire from some professor of social entrepreneurship somewhere. But don't get sidetracked by all this nonsense. What the world needs are more Curtis Sliwas, Millard Fullers, and Bill Gateses actually *doing* social entrepreneurship, not more ivory-tower types *intellectualizing* about it.

Finally, if you do actually try your hand as a social entrepreneur, even on a part-time basis, definitely keep in mind that two out of three regular business start-ups end in failure, and your odds may be even worse. Therefore, don't give up your day job (or your golf-club membership!) while you're setting out to fix the world. ☺