Seattle Pacific University
School of Business and Economics
BUS 3682 · Social Venture Planning - Winter 2015

Wednesday, January 14, 2015 – March 4, 2015
6:00 – 7:40 p.m.
Otto Miller Hall 127

Instructor: Dr. Randy Franz with Mark Oppenlander
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Core Information about SVPC
A social venture is a revenue-generating enterprise focused on solving a social or environmental problem, such as homelessness, disabilities, AIDS, global-warming or clean water, etc. In a social venture the social mission is funded by a revenue-generating “engine”. Real-life (and long-lasting) examples include:

- Newman’s Own (www.newmansown.com/)
- Pioneer Human Services (www.pioneerhumanservices.org)
- Northwest Center (www.nwcenter.org)
- FareStart (www.farestart.org/)

so•cial ven•ture:

1. A sustainable enterprise designed to drive social change;
2. The ways SPU students envision engaging the culture . . .
   and changing the world!

Working in teams, students conceive an original social enterprise, and then formulate and showcase a business plan for their social venture. Each team from BUS 3682 will compete in the SVPC Showcase in mid-April 2015. More information about the Social Venture Plan Competition (SVPC) is available at the School of Business and Economics: www.spu.edu/socialventure.

“Another Way of Doing Business”
We see the highest purpose of business to serve customers by providing them the goods they need to flourish and to serve employees by providing opportunities for meaningful work. For us, profit is, indeed, critically important but not as an “end” in and of itself. For us, profit is the means of attracting the capital needed to enable businesses to pursue their highest purpose of service.

http://www.spu.edu/depts/sbe/whyspu/vision.asp
Financial Sponsors
Social Venture Planning is made possible in part due to the generous financial support of The Herbert B. Jones Foundation, The Scott & Kathleen Cummins Foundation, Pioneer Human Services and NorthWest Center.

Course Description
This non-technical, workshop-style course presents the basics of developing a business plan for a social venture. BUS 3682 takes into consideration that many of the students enrolled are not business majors. Each class session concentrates on a specific section of the SVPC plan template, which can be found later in this syllabus (or on Blackboard). BUS 3682 is designed to accomplish the following:

- Convey knowledge about and insight into social enterprise.
- Provide students with the knowledge and skills to compete effectively in SVPC.
- Give hands-on direction for formulating a social venture plan.
- Connect students to resources from the SPU faculty and community partners.
- Practice communication skills for showcasing a team’s plan.

Grading
Students are graded on participation/attendance (15%)\(^1\), progress as demonstrated via submission of drafts sections of the plan (15%), but mainly by scores from plan readers and Showcase judges (70%). One percent (1%) is earned by completing the evaluation for the course and submitting the receipt to me by email. [NOTE: An “N” grade will be entered at the end of the Winter quarter which will be changed to the earned letter grade after the Showcase.]

Competencies

Critical, creative and analytical reasoning. Analysis and discussion of complex ideas sharpen skills needed to organize information, define problems, and compare various alternatives. Importance is placed on developing critical thinking and “original” solutions.

Values and ethics. Course content and discussion emphasize the complex choices in using business to serve others in a sensitive and ethical manner, drawing on values and ethics that are consistent with SPU’s Christian heritage.

Teamwork skills. SVPC involves the effective work of a small team of students, who bring a diversity of ideas and talents to the task.

Effective written and oral communication. BUS 3682 stresses vigorous discussion, presentation, and sharpening of ideas.

Leadership skills. The successful completion of a SVPC project requires focus on a critical social issue. Completion entails the conceptualization, planning, and communication of a complex business/social-service enterprise, including working with others, all of which are essential elements of effective leadership.

\(^1\) Each registered student is responsible for signing in on the attendance sheet with Mark Oppenlander each week.
<table>
<thead>
<tr>
<th>Topics</th>
<th>Brief description</th>
<th>Dates</th>
<th>Faculty/guest resources</th>
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</table>
| 1. Introduction to social venture [www.spu.edu/socialventure](http://www.spu.edu/socialventure) | Describe the value of social ventures, including the impact on society.  
– Show the value to students of the Social Venture Plan Competition  
– Form teams & Brainstorm SVPC ideas | January 14, 2015 | ▪ Chris Murphy, Director of Food Services, Pioneer Human Services.  
▪ Teaching team & Coaches |
– READ AT LEAST ONE OF THE SVPS POSTED ON BLACKBOARD (and judges’ comments)  
– Draft mission & vision statements  
– Work on Team Contract (Appendix B) | January 21, 2015 | ▪ P. Scott Cummins, Board Advisor, Krochet Kids  
▪ Mark Oppenlander |
| 3. Market research: Understanding the nature of the market to be served | Assess the level of need for the business enterprise and the social service.  
– Introduce methods and tools for understanding the market(s) to be served.  
– Doing market research in the library.  
– TURN IN SIGNED TEAM CONTRACT | January 28, 2015 | ▪ TBD  
▪ Cindy Strong, Liaison Librarian SBE/Education |
| 4. Production and distribution: Developing and delivering products or services | Define your product and/or service and distribution plan.  
– Develop operational requirements (for both the revenue-generating enterprise and the social intervention).  
– TURN IN DRAFT OF MARKET RESEARCH SECTION | February 4, 2015 | ▪ Micheal Chang, VP, Operations at MedTech |
| 5. Finance and risk analysis | Create financial statements that show the enterprise to be sustainable.  
– Tool: Financial Workbook (Blackboard) | February 11, 2015 | ▪ Ross Stewart, Professor of Accounting |
<table>
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<tr>
<th></th>
<th>Evaluation of social impact</th>
<th>Establish methods and indicators to measure the enterprise’s social impact.</th>
<th>February 18, 2015</th>
<th>Randy Franz, Associate Professor</th>
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<td></td>
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<td>Review work to date. (Bring hard copy of work on plan accomplished up to this point.)</td>
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<td></td>
<td></td>
<td>TURN IN DRAFT OF OPERATIONS &amp; FINANCE SECTIONS</td>
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<td></td>
<td>Presentation</td>
<td>Learn and practice skills for showcasing.</td>
<td>February 25, 2015</td>
<td>Mark Oppenlander, Director of Center for Applied Learning</td>
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<td></td>
<td>Review of plan</td>
<td>“Test drive” plans with the help of a corps of external coaches</td>
<td>March 4, 2015</td>
<td>External coaches</td>
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<tr>
<td></td>
<td></td>
<td>SUBMIT ELECTRONIC VERSION OF EXECUTIVE SUMMARY AND FINANCIAL SPREADSHEETS to Randy Franz (<a href="mailto:rfranz@spu.edu">rfranz@spu.edu</a>) – and bring hard copy of these to class.</td>
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**OTHER STEPS IN SVPC PROCESS**

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<tr>
<th></th>
<th>Project intent form</th>
<th>On the course Website.</th>
<th>February 10, 2015</th>
<th>Submitted via email to <a href="mailto:cal@spu.edu">cal@spu.edu</a></th>
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<tr>
<td></td>
<td>BRANDED</td>
<td>This is an event that will help a limited number of teams develop their corporate identity.</td>
<td>TBD, 2015</td>
<td>Proposal received in advance Date to be announced</td>
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<td></td>
<td>Final written plan</td>
<td>Submit electronic version. Will be formally reviewed by readers from our cadre of community partners. Please provide hard copy of “submission form.”</td>
<td>March 13, 2015</td>
<td>Submitted via email to <a href="mailto:cal@spu.edu">cal@spu.edu</a></td>
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<td>Event</td>
<td>Details</td>
<td>Date</td>
<td>Visitors</td>
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<td>Coaching session (prep for Showcase)</td>
<td>Review executive summary and financial forecast and feedback from readers with coaches from outside SPU.</td>
<td>April 8, 2015</td>
<td>Community coaches</td>
<td></td>
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<tr>
<td>SVPC Showcase</td>
<td>Present plan in trade show format in Upper Gwinn (2-6:30pm). Good luck!</td>
<td>April 16, 2015</td>
<td>Business, community, and student judges</td>
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<td>Sharks at the Beach</td>
<td>Rainier Valley projects present 10 minute presentations to panel of judges. Additional prize money and/or start-up funding possible.</td>
<td>April 23 or 30</td>
<td>Finalist Teams, Panel of judges, Community members, &amp; audience.</td>
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The BUS 3682 team looks forward to working with you!
Appendix A

Social Venture Plan Competition
Business Plan Template

This document is a guide for students developing a Social Venture Plan for the University’s Social Venture Plan Competition (SVPC). The template contains the basics of a business planning process and is a tool for guiding students through the development of their plan. We recommend that this template be used in conjunction with other more detailed resources. The planning begins by defining the enterprise, including the social issue being addressed. Clarity on the definition is essential. Spend adequate time to do this – or your plan will not be as sound in the end. Defining the enterprise carefully helps the social entrepreneur to evaluate both the business enterprise (or profit generator) as well as the social need being addressed. The end result will be a business plan that fully defines a social enterprise.

I. Introduction
   1. Vision Statement
      • Describe in a sentence the problem you want to help solve or the opportunity you want to create (e.g. preserve the Amazon rainforest).
   2. Mission Statement
      • Describe in 25 words or less what you want to do (e.g. feed the hungry in King County) and the business enterprise/profit generator (e.g. produce organic baby garments and use profits to aid children/families in Bangladesh).
   3. Strategy Statement
      • Describe in two paragraphs how you will go about doing what you want to do (e.g. who to serve, the specific products and services you will provide)
      • What is it about your product or service that makes it different from others currently available (e.g., location, taste, quality, price, etc.)?
      • What social impact or transformation in people’s lives do you want to make?
   4. Financial Statement
      • Describe the major expenses and revenues associated with the social venture. Include your sources of funding and initial investment. (It is good to begin early to identify these expenses. Simply keeping an ongoing list of expected expenses will help you finalize your financials later.)
      • Include an income statement and either a balance sheet or cash flow statement projected over 3-5 years (worksheet can be found in Financial Workbook for the Social Venture Plan Competition).
II. Social Impact
1. How will you determine the success of your venture with respect to your mission statement?
   • What measurements or metrics will you use (e.g., number of clients fed; number of clients without hunger; number of clients earning livable wages)?
   • What are the 3-5 keys to success in this business – those factors that are really important to those you serve?
   • How will you report these to your investors, donors and external audiences?

III. Market Research: Develop a clear understanding of the market you will be serving (i.e., the target market) and how you will reach that market. With respect to social ventures, the market will be both a social or human need and a product or service. Think about the following questions:
1. How will you identify your customers (buyers) and clients (recipients) and the extent of their needs?
   • Identify important demographics, psychographics, etc. Include size of market (e.g., number of people needing the service).
   • How easy is it to enter this market?
   • Are there barriers or obstacles to providing this product or service?
2. What other organizations, if any, serve the same group or a similar group of people? In other words, is there competition?
   • Briefly describe what they do and how well they do it.
   • How different is your product/service and social service from what is currently available? What advantages does your products/service bring that others do not? How does your product or service compare to those of other organizations in terms of the keys to success?
3. What are the important political, social, and economic factors influencing your ability to serve your client group?
4. Briefly describe what these factors are, their relative importance, and how you will deal with them.
5. How will you decide the price?
   • At what price can you make and sell the product or services so you will cover all costs, including the repayment of your initial investments and any debt?
6. What are your options for advertising and promoting your product or service? How will you determine an advertising and promotional program and its costs?
   • What will be the manpower, consulting or outsourcing costs?
   • What will the overall cost be to carry out the program?

IV. Production and Distribution
1. What are the specifications of the product or service and the social service?
2. How will the product/service be produced? The social service?
3. How will the product/service be distributed? The social service?
4. Who will supply raw materials and from where?
5. Or what are the elements of your supply chain?
6. Who will be needed to carry out the functions of the organization (e.g., employees) over the duration of the plan?
   - How many?
   - Include an organizational chart.
   - What will be the cost of recruiting employees?
   - Where will you find the needed employees?
   - What special, if any skills will these employees need?
   - What preparation/training will be needed by employees to deliver the service/product?
   - What fixed assets (plant, equipment, etc.) will you need and how much will it cost?

V. **Finance and Risk Analysis:** Finally, the plan should address the questions of financial viability and risk surrounding the enterprise both qualitative and quantitative.
1. Is your enterprise financially viable and sustainable?
2. What is the potential for the venture to receive financial support from additional investors/donors (including opportunities for funding from foundations, social venture funds, angel investors and venture capitalists)?
3. Describe the rigor and feasibility of the venture’s financial model and goals.
4. Discuss the potential for follow-on funding to grow the venture through self-sufficiency or profitability.
5. Qualitative risk analysis:
   - What are the major risk factors in the enterprise (i.e., what might cause your project to fail?)?
   - How did you identify them?
   - How will you mitigate these risks?
6. Quantitative risk analysis:
   - What do you expect your financial resources to be in 2 or 3 years?
   - If your initial plans do not work, what alternatives do you have for the organization?
   - When do you expect the venture to be sustaining (i.e., when will earned revenues cover expenses? Exceed expenses?)?
Scoring for <name of project> Social Venture Plan.

Reader’s Name: __________________________

Scoring instructions: There are 100 possible points in this round. Please provide a score in each of the seven rating categories. Specific criteria and questions for consideration are given in each category. You may type comments in any section of the survey and/or at the bottom of the survey. The total score out of 100 will be calculated from your individual scores in each section.

1. **Presentation.** Is the general appearance and overall presentation of the plan, including grammar, punctuation, and spelling, clean and neat? Is the document well written, well organized, and professionally presented? Are visual aids (e.g. graphs, charts and pictures) used appropriately? *(20 points)*

2. **Social Impact.** Does the project address a significant social need? Is the social mission core to the purpose of the proposed venture? Does the plan clearly articulate how the venture’s activities will produce the desired social outcomes and will the project in fact make a significant impact on the societal problem? Does the plan adequately describe how the venture will measure social change, including recognizing multiple direct and indirect impacts likely to occur? Note that a one-time event should score lower than projects that respond to needs on an ongoing basis and social impacts that are integral to the business model should score more highly than those at arm’s length (e.g. donation of a portion of profits). *(20 points)*

3. **Sustainability.** Does the plan offer a business model that would allow it to be fully implemented and sustained? Plans that provide for internal revenue generation should score higher than plans that are dependent on a continuing stream of grants and donations. Internal revenue generation linked directly to the social need (e.g. selling food prepared by job trainees being taught to cook) should yield the highest scores. *(20 points)*

4. **Research.** Is the depth and quality of research adequate and are analytical tools used in an appropriate fashion? How well does the plan demonstrate competence in research and evaluation of a business opportunity? Is the social need adequately documented? *(10 points)*

5. **Marketing.** How well does the plan describe the market opportunity and competitive strategy? Does it describe how customers and/or clients will be attracted to the business? *(10 points)*

6. **Financials.** How well does the plan describe the funding that will be needed and the anticipated uses of those funds? Are the financial statements (e.g. Income Statement) presented in a readily understandable format? *(10 points)*

7. **Operations.** Are the mechanics necessary to implement the plan clearly set forth? Have appropriate logistical issues been thought through? Does the management team have the expertise to execute the plan? *(10 points)*

8. Do you have any other comments to share with this team?
Appendix B

Team Contract Outline

Establishing a Team Contract is a proactive means of ensuring effective team functioning and contributes toward successful completion of your plan. The contract details the team’s decisions about: guiding principles, purpose, division of labor, group roles, planning and scheduling work, meetings, rewards and punishments, and provisions for changes to the contract. Specifically, the team contract should include:

1) Team name & List of all team members (with contact information)
2) Team goals & Mission
3) Guiding principles/Norms (see below)
4) Consequences for violating norms
5) Breakdown of labor – who is in charge of which aspects of your team (team roles)
6) Timeline for planning and scheduling work
7) Prize Money: If your team wins… What to do with it? How to divide it?
8) Signatures

Examples of various issues that should be addressed by your norms:

Meeting issues
1. How will you decide when a meeting is scheduled?
2. What are your expectations about attending meetings? Punctuality? Preparation? Goofing around? Leaving early?
3. What do you expect to accomplish during a meeting?
4. How structured or formal will meetings be?

Task Issues
5. What quality of work is expected?
6. How strict are deadlines?
7. How are task assignments made?
8. What types of contributions to the task are valued? How are different types of contributions to the project weighted/valued?

People Issues
9. How does your team disagree? (i.e., what will you do if you disagree with someone else? What will you expect someone else to do if they disagree with you or others in the group?)
10. How do people help each other?
11. How does your team show it respects all team members?
12. What are your expectations about long-term friendships?
13. What’s the process for dealing with someone who breaks the team’s rules?

This outline is provided for general guidance, so you are not required to include all the detail noted, nor are you limited only to what is listed here. Also, the initial contract is due Jan. 29, but it can be revised and updated as deemed necessary by your team.