

Leveraging Business Models for Global Self-Reliance

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This paper will focus on the experience of social enterprises which started in business school as class projects, became incorporated as non-profits, collaborated with business firms, drew upon effective corporate models, and developed best practices so the global poor could become self-reliant. IAMB participants will gain valuable insights about how to launch social ventures with their students and colleagues from scratch, ways to draw on new sources of human and financial capital, develop social innovations, accelerate their growth, and change the world.

Three cases will be highlighted as action research projects which mobilized management students, faculty, alumni, and privately owned companies in addressing human suffering. They will show how business models can address worldwide unemployment and alleviate poverty.

Unitus was founded by a handful of business associates and me. With ongoing consultations by Muhammad Yunus, we conceived the idea to become the world's first global microfinance accelerator. Drawing on the successful work experiences of our group, which included a former HR VP at Microsoft, a marketing executive who had launched Apple Computer's Mac campaign from Silicon Valley, the managing director of Bain Capital, several smaller firm CEOs, and myself as the chairman of the board, we incorporated in 2000. The wildly successful strategy we developed drew on the best business and marketing models we knew, such that we would either start our own social enterprises in a certain developing nation, or we might use an elaborate screening process for finding the very best young MFI start-ups which need, but cannot obtain, ample growth capital. Then we give them loans or invest a million dollars or so initially to accelerate their expansion. In a few short years Unitus has become the leading social venture capital source in the microfinance industry. From 2006-2007 we established the Unitus Equity Fund which closed with \$23.4 million, the largest venture of its kind funded solely with private capital. How we did it, and approaches which other social enterprises at the IAMB conference may use will be of considerable interest to my session attendees.

Enterprise Mentors International is a microcredit, training and consulting social enterprise that students and I started in 1990 in the U.S. with our first Filipino partner that we established simultaneously in Manila. It has now spread to 12 offices in five nations—Philippines, Guatemala, Mexico, El Salvador, and Peru. In each case we launch a new social enterprise with an all-indigenous staff whom we train and provide seed capital. Those organizations now operate with some 200 employees. At EMI we have generated \$27 million over the years to provide small loans for the poor. Two of our partner organizations are now economically self-sufficient by virtue of the fact they scaled up considerably, have thousands of borrowers who pay their microloans off at a 95 percent repayment rate, as well as interest fees. EMI strongly believes in giving a hand-up, not a handout. Our mission has always been to foster dignity within the poor,

not dependency. The focus is not on charity, but on genuine economic development. The firm is now in transition from its non-profit status to becoming an earned income venture, not only abroad, but here in the U.S. as well.

Help International is an NGO my students and I started after Hurricane Mitch devastated Honduras in late 1998. I mobilized 46 students who took my class in social entrepreneurship, and we formed self-organizing teams to prepare, train, raise funds, and go down during summer 1999 to help rebuild the country. That project soon became incorporated as an NGO and since then we've become completely self-funded to the tune of \$2 million. We use innovative methods in order to have now financed in excess of a hundred new village banks and recapitalized dozens more, trained 7,000 poor women in basic business skills, taught thousands more English and computer skills, rebuilt houses destroyed in the El Salvador earthquake of 2001, and have established programs in 7 countries of Africa and Latin America. In doing all this, we faced an onslaught of resisters and critics early on--from university administrators who said students couldn't do such things, to parents who doubted their college kids' abilities, to public skeptics who felt hands-on service learning wasn't feasible overseas, to U.S. and international government officials who didn't believe American young adults actually cared about the suffering of the poor. But HELP overcame the odds and holds promise for many social ventures which could benefit from this huge, largely untapped resource of U.S. young adults, millions of whom truly want to improve the world while still in college. One amazing outcome of this work is that HELP volunteers have enjoyed such a life-changing experience, that upon returning home from laboring in the trenches with the poor, they go on to initiate their own projects after their lives have been so heavily impacted by the experience. Out of some 900-plus participants throughout the past 8 years, 43 new start-ups have begun. Nineteen of these are now incorporated as small social enterprises, and many more will eventually become such in the future.

Hopefully my proposal will appeal to the IAMB conference organizers. My plan is to share the highlights so as to motivate participants. But I also expect to get into the specifics of what, how and why we have done the things we have. In my career, I tend to have the entrepreneurial mindset to envision, design and implement new social ventures, but after a few years of success and growing, significant impacts, I move on to solving new problems in different countries. My work is that of researching and/or taking leading-edge managerial principles and concepts from my business school environment and integrating them with new visions, radical interventions and best practices from the corporate sector—in order to generate innovative methodologies for fighting poverty and building economically self-reliant communities around the globe..

In recent years I have founded 16 social enterprises. Collectively in 2007 alone we achieved the following: Raised \$26 million from investors, foundations, and individuals; Trained 240,000 microentrepreneurs in small business skills worldwide; Grew our microloan client base to more than 2.8 million impoverished people in 22 nations. Outcomes show significant change documented through 11 studies: Rising microentrepreneur household incomes, improved food security, greater participation of children in school, better housing, female empowerment, increased social capital. As a professor who is a global change agent, I've mobilized and trained some 1,000 college students not only from BYU, but from campuses across the country including Stanford, VA Tech, Colorado State, Berkeley, Washington, Utah State, Univ. of

Arizona, etc. Not only do we establish microfinance programs with professionals, investors, and business partners, but we send teams to work with our social enterprises in building homes, delivering babies, teaching in rural schools, organizing cooperatives, training in appropriate technologies, and so on. My colleague and collaborator in much of this work is Nobel Peace Prize winner Muhammad Yunus of the Grameen Bank in Bangladesh. He has encouraged my efforts, served on several boards of enterprises I started, and together we have labored to expand the vision of many institutions to become pro-poor, and yet also move toward long-term sustainability.

As author of ten books, 180 articles and over 200 conferences papers and presentations, I have a strong track record of delivering exciting speeches and workshops that generate high impacts. Several recent awards were given to me including an Aspen Institute's Faculty Pioneer Award in NYC for the social innovations I've developed during a lifetime of radical business practices, a Social Entrepreneurship teaching award at the Skoll World Forum held at Oxford University, and I was recently invited to join the Advisory Board of Grameen America by Dr. Muhammad Yunus.

My value-added contribution is that I describe significant experiences about what several of our social enterprises are doing, and the impacts we've had around the world. These are enlightening models that will give IAMB attendees, especially researchers and lecturers from academia, notions of how they too may mobilize students and consultants to increase their services to the world's have-nots. It will also offer visions of how they may grow classroom projects and field experiments more rapidly, achieve scale, collaborate strategically with other organizations to accelerate their efforts, and develop enterprise cultures of creativity and innovation. Through these processes they will learn a great deal from examples of organizational design, strategic implementation, tools for leveraging their efforts, how to become operationally sustainable, and methods for shifting from the non-profit humanitarian model of many NGOs historically to the rising transformative system of new earned income ventures.

(Note: If IAMB conference organizers are still putting together the overall program and would be interested in having me deliver a keynote or thematic general presentation about these strategies, I would be happy to do so. This is becoming a more frequent request from the dozen or so management events I attend each year.)