

The Social Entrepreneur MBA: Trained to Adapt

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Long before the economy tanked, MBAs were in hot pursuit of alternative career tracks — instead of running investment firms, many have aspired to invest themselves in business with a social cause — from nonprofit organizations to overseas startups in developing countries. Top-tier schools like [Duke's Fuqua School of Business](#) and [Yale's School of Management](#) responded by creating programs to prepare so-called “social entrepreneurs.”

The down economy, not surprisingly, is driving more MBA students down socially responsible business paths. And while it's not yet clear how much the recession will impact businesses with financial and social goals, social entrepreneurs have what it takes to adapt — even in a strong economy, they learn how to do more with less.

Top feeder schools:

Yale School of Management: The School of Management's pioneering loan repayment program, one of the country's first, subsidizes school loans for grads working for nonprofits.

Stanford Graduate School of Business: In December 2008, the Graduate School of Business launched a [new pilot social innovation fellowship program](#) that will award one-year \$80,000 stipends to help a select number of graduating MBAs work full time on launching socially responsible businesses.

Duke University's Fuqua School of Business: The business school's Center for the Advancement of Social Enterprise is home to [professor Greg Dees](#), one of the scholars who founded the study of social entrepreneurship in the 1990s.

Most lucrative jobs

The most popular positions for MBAs working in social ventures, according to [Payscale, Inc.](#) (Salaries represent 2008's national median pay.)

Deputy Executive Director: \$105,000

General/Operations Manager: \$82,000

Marketing Communications Director: \$77,000

Accounting Director: \$71,900

Fundraiser: \$54,500

Major MBA recruiters:

Skoll Foundation: EBay founder Jeff Skoll chairs the foundation, which awards more than \$40 million in grants to social entrepreneurs each year.

Acumen Fund: The investment firm backs socially responsible ventures that find new ways to provide poor communities in Kenya, India, and other countries with healthcare, housing, energy, and water.

Ashoka: Founded in 1980, Ashoka gives up-and-coming social entrepreneurs a living stipend for three years as they launch ventures to address societal needs in developing countries.

Teach for America: The teachers come out of undergrad programs, but TFA values innovative MBA students who can help the organization recruit and retain top talent for the classroom.

Bridgespan and FSG Social Impact Advisors: The leading consulting firms for nonprofit organizations.

Getting the skills

Several of the country's top business schools, such as Yale, Duke, Harvard, and Stanford, offer specific programs to prepare MBAs who want to combine traditional business skills with innovative approaches to solving social problems. And unlike the traditional nonprofit curriculum, which typically sticks to the fundamentals of fundraising and grant writing, these programs combine the finance and management training of an MBA with electives that cover everything from how to get venture capital and invest in emerging markets to innovating in healthcare and developing sustainable energy sources.

Regardless of whether social entrepreneurs want to work for a nonprofit or for-profit, they need a "deep understanding of management principles as they apply across sectors and the globe," says Tony Sheldon, executive director of the Program on Social Enterprise at Yale's School of Management. In addition, the current economy demands MBAs with strong backgrounds in results measurement, performance management, financial models, capital markets, strategic planning, and

savvy resource allocation. Experience interning or volunteering in a specific social sector doesn't hurt either.

"The skill set is a lot different when you're trying to sell something and serve a social purpose at the same time," says Suzanne Steffens, an analyst for Community Wealth Ventures, a consulting firm that teaches nonprofit organizations how to create for-profit businesses to fund core missions. Social entrepreneurs typically operate with less capital, says Steffens, so they must be flexible enough to shift resources, learn from mistakes, and even alter entire business plans in a matter of months in order to remain operational.

The job outlook for new MBAs

According to Matt Nash, managing director of Duke's Center for the Advancement of Social Entrepreneurship, MBAs tend to follow one of three basic paths: They launch a new venture with a social cause, support an existing venture in strategy or operations roles, or work in consulting to help other nonprofits and for-profits balance their financial and social goals.

Despite the recession, many of the large, existing "social enterprise" firms are poised to move back into a growth pattern, says James Weinberg, founder and CEO of Common Good Careers, a hiring firm for social entrepreneurs. In anticipation of the recession, organizations like City Year, Teach for America, DonorsChoose.org, Kiva, and consulting firm Ashoka pre-emptively slowed hiring and expansion toward the end of 2008 and held on to as much cash as possible. "The current market presents an opportunity for them to get a hold of MBA talent they wouldn't have been able to recruit previously," he says. In the last three years, Common Good placed some 300 candidates in more than 100 firms, and Weinberg expects to place 150 candidates in 2009.

So far, social entrepreneurs haven't seen a drastic pullback from the investment community that funds many of their startups. Even as overall venture capital investment plummeted to \$5.4 billion in the fourth quarter of 2008, compared to \$8.1 billion in the same period in 2007, VCs that back social entrepreneurs are weathering the storm better than most. "We are raising just as much now as we were," says Tim Freundlich, managing partner of Good Capital. For investors who have watched traditional institutions and business models fall victim to the recession, financing a social enterprise "seems a lot less far-fetched and risky than it did three months ago."
