

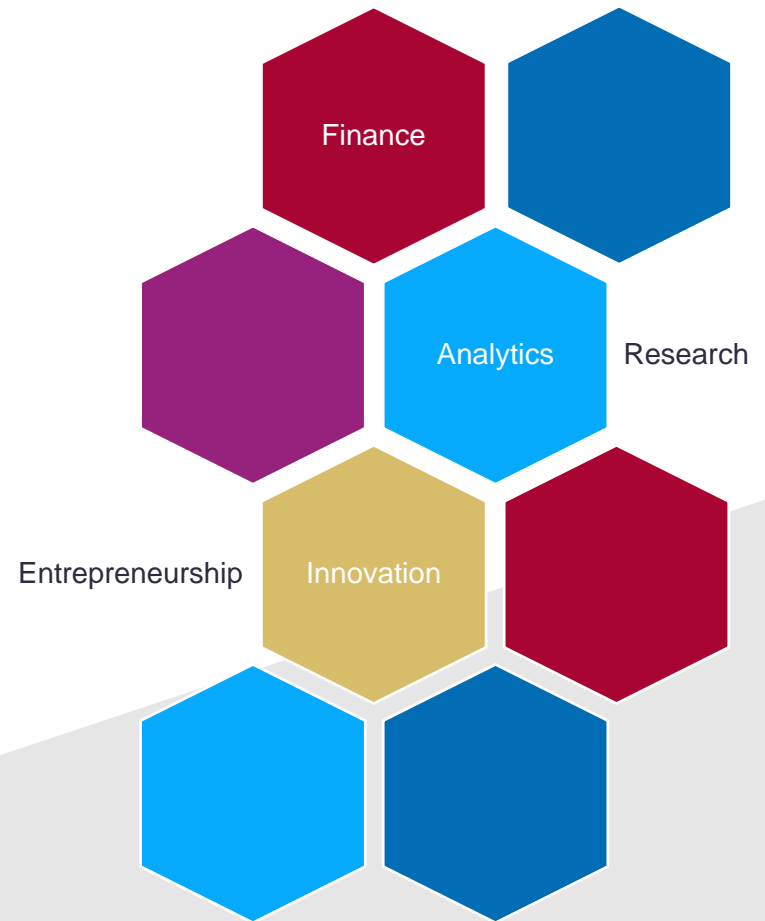



Penn Impact Entrepreneurship

Student Workshop

Hosted by the [Wharton Social Impact Initiative](#)

An approach to social impact that's distinctly Wharton





The Wharton Social Impact Initiative leverages the power of Wharton to develop and promote **business strategies for a better world.**

We are advancing the science and practice of social impact through research, consulting, hands-on training, and outreach.

What are WSI's core activities?

RESEARCH



TRAINING

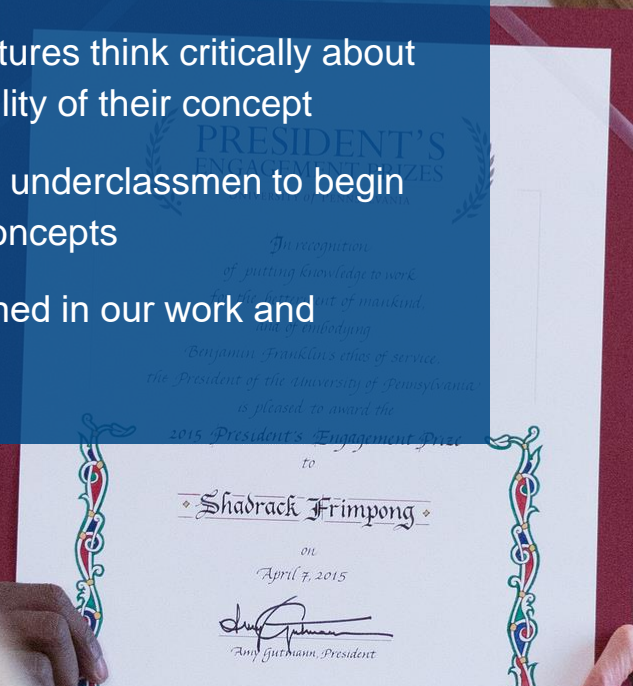


**OUTREACH &
NETWORK**



Why we created this workshop:

- To help students with ventures think critically about the impact and sustainability of their concept
- To lay the foundation with underclassmen to begin thinking about possible concepts
- To share what we've learned in our work and careers



 **The fine print:**

We are not involved in the judging, application review, etc. for the President's Engagement or Innovation Prize. Please be sure you follow the requests and parameters of whatever Prize/Contest to which you are applying.

Our expectations of you:

- Respect (be kind to peers, don't interrupt, pay attention)
- Participation
- Candor

What are your expectations of us today?

(Be honest! We want this to be valuable!)

What we'll cover today:

Understanding the market

Ensuring feasibility

Telling your story

Understanding the Market

Presented by WSII Senior Director, Sandi M. Hunt

Spend

Who pays for this issue and the impacts of it?

Interest

Do the customers need it? How many? How badly?

Internal Willingness/ Execution

Are the right players onboard to help?

External Barriers

What are regulatory/legal barriers that might stand in the way?

Who are your competition?

Not just identical products, but things that fit the same need.

**PUBLIC SAFETY
HEALTH CARE
EDUCATION**

Which area is the most ripe for innovation by the City of Philadelphia? And why?



Understanding the Market

- **Spend**
- **Interest**
- **Internal Willingness/ Execution**
- **External Regulatory Environment**
- **Lack of Competition**

Understanding the Market

	Education	Health	Public Safety
Interest	10	8	8
Spend	3	7	6
Internal Willingness/ Execution	4	2	8
External Regulatory Environment	8	3	7
Lack of External Competition	3	5	7
TOTAL SCORE	28	25	36

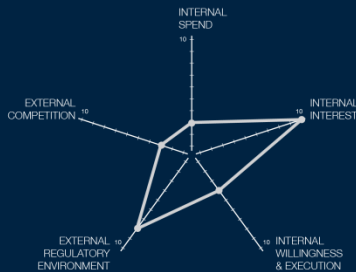
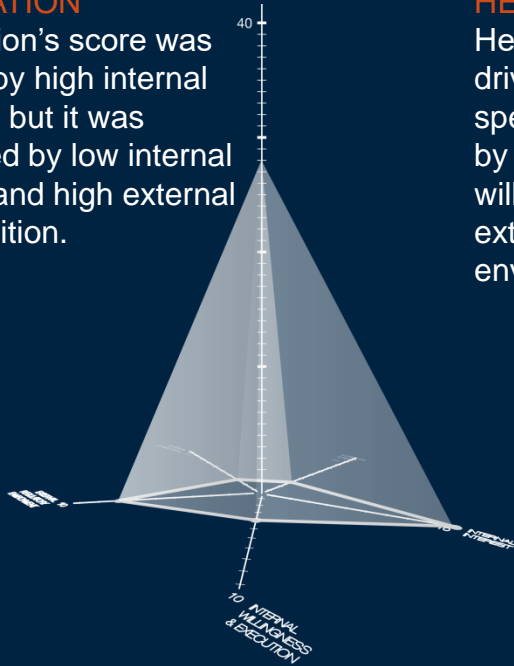
SYNTHESIS VISUALIZATION

Interview Synthesis data was gathered by the student teams around 3 key themes – Education, Health, and Public Safety.

In an effort to generate greater understanding of the data set, we have rendered each theme as a 5 axis graph that describes the “symmetry” of each theme. To give further “shape” to this visualization, a 6th data point (overall score) is added to illustrate “amplitude” as a three dimensional pyramid.

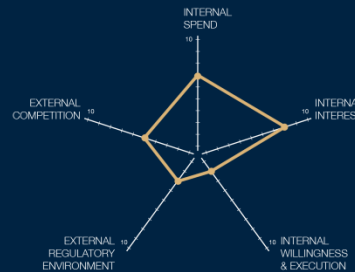
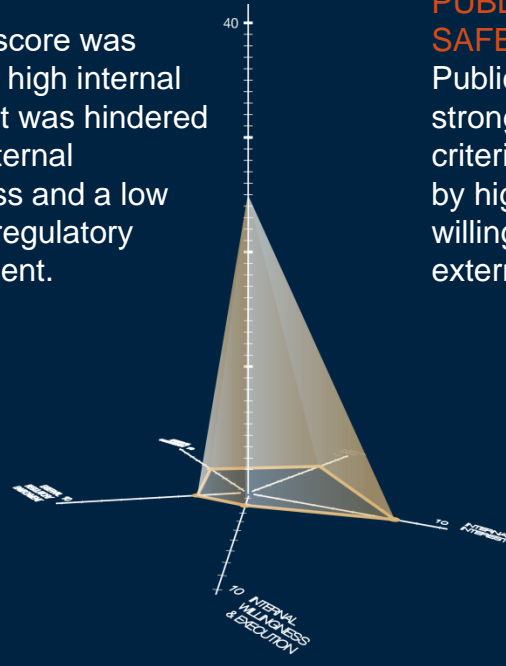
EDUCATION

Education’s score was driven by high internal interest but it was hindered by low internal spend and high external competition.



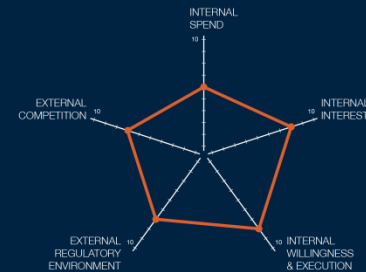
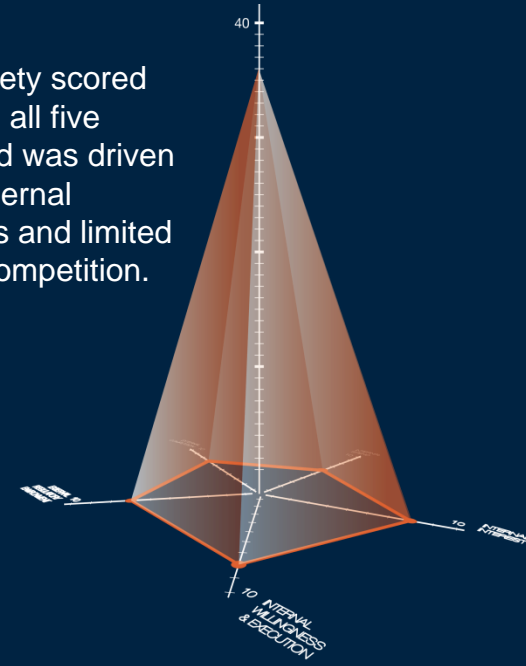
HEALTH

Health’s score was driven by high internal spend but was hindered by low internal willingness and a low external regulatory environment.



PUBLIC SAFETY

Public Safety scored strongly in all five criteria and was driven by high internal willingness and limited external competition.





Ensuring Feasibility: A Case Study

Presented by Nick Ashburn



Zambia Feeds

In 2000, Ilona's social enterprise was launched in northwestern Zambia, a region suffering from widespread unemployment precipitated by the collapse of copper prices and the closing of Zambian copper mines. Over time, this led to widespread malnutrition in the region.

Her idea was to find ways to reduce the price of animal feeds (which, up until that point, was only affordable to larger-scale chicken producers), thereby creating a whole new market (small-scale chicken farmers), enriching the local economy (by creating new jobs), and reducing malnutrition (small-scale chicken farmers would keep some chickens for their families while selling the rest in local markets).

Ilona created Zambia Feeds in an effort to address these issues.

-The Social Entrepreneur's Playbook

Ensuring Feasibility: A Case Study

Zambia Feeds – The Pain Point

- 2 million inhabitants of the Copperbelt region in Zambia had experienced 50% unemployment at times over the last 20 years
- The unemployed did not have easily transferable or marketable skills to find other work.
- Without money, they couldn't afford food, especially protein-rich food.
- 70% of the cost of goods to producing poultry is the feed consumed by chickens.
- Most poultry sold in Zambia came from large producers and was sold in larger, urban areas.

The Social Entrepreneur's Playbook, p. 5

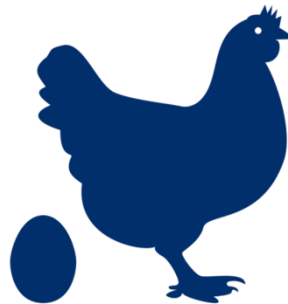
Ensuring Feasibility: Unit of Social Impact

How will you measure the benefits delivered by your product or service?

Specifying the unit of social impact forces you to think about how you are going to rate your performance and measure it.

Zambia Feeds:

What would you recommend to Ilona regarding how she measures her company's social impact?



Ensuring Feasibility: Unit of Social Impact

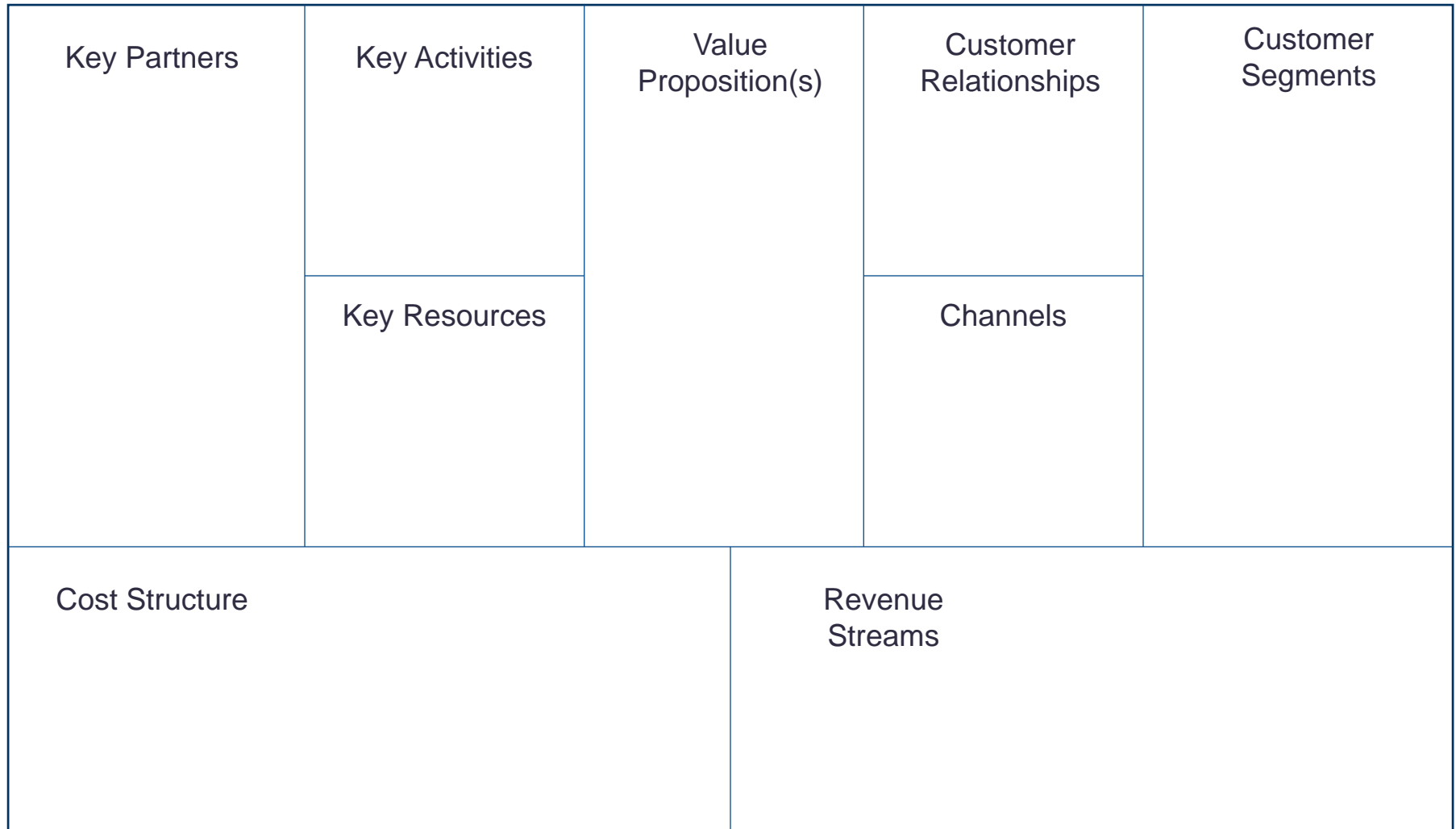
How will you measure the benefits delivered by your product or service?

Based on research with veterinarians and nutrition experts, Ilona decided that her social impact goal would be 1,000,000 portions of protein per year.

1 million portions = enough for 10,000 people/year to consume 2 portions of protein per week



Ensuring Feasibility: A Framework



The Business Model Canvas

Identifying Operational Realities

What are the steps you need to have in place to deliver your product/service?

Step	Activities/Outputs
1	
2	
3	
4	
5	
6	
7	

Identifying Operational Realities

What are the steps it takes to deliver your product/service?

Operational Experience

Step	Activities/Outputs
1	
2	
3	
4	
5	
6	
7	
8	

Operational Experience

Step	Activities/Outputs
1	Recruit and hire labor
2	Buy bags and raw materials
3	Mix feed
4	Bag mix
5	Store mixed feed
6	Transport feed to distribution center
7	Store feed for purchase
8	Sell feed/Point of Sale

Identifying Operational Realities

What are the steps it takes to deliver your product/service?

Beneficiary/Customer Experience

Step	Activities/Outputs
1	
2	
3	
4	
5	
6	
7	
8	

Beneficiary/Customer Experience

Step	Activities/Outputs
1	Hear about program/service
2	Decide to raise chickens
3	Raise funds to start
4	Purchase feed
5	Transport feed to farm
6	Buy chicks
7	Raise chickens
8	Eat and sell chickens

Identifying Operational Realities

What are the steps it takes to deliver your product/service?

Operational Experience

Step	Activities/Outputs
1	Recruit and hire labor
2	Buy bags and raw materials
3	Mix feed
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Beneficiary/Customer Experience

Step	Activities/Outputs
1	Hear about program/service
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4	Purchase feed
5	Transport feed to farm
6	Buy chicks
7	Raise chickens
8	Eat and sell chickens

Identifying Operational Realities

What are the capabilities you need to have in place to deliver your product/service?

Operational Capabilities

Step	Activities/Outputs	Capabilities
1	Recruit and hire labor	Marketing and selection skills
2	Buy bags and raw materials	Purchasing skills
3	Mix feed	Superior formulation skills/Equipment repairs
4	Bag mix	
5	Store mixed feed	Inventory management
6	Transport feed to distribution center	Logistics
7	Store feed for purchase	Inventory management

Identifying Operational Realities

What are the capabilities you need to have in place to deliver your product/service?

Beneficiary/Customer Capabilities

Step	Activities/Outputs	Capabilities
1	Hear about program/service	
2	Decide to raise chickens	Educational seminars
3	Raise funds to start	Loan procurement
4	Purchase feed	
5	Transport feed to farm	Transportation
6	Buy chicks	Ordering and payment
7	Raise chickens	Hygiene, clean water, temp mgt, feeding
8	Eat and sell chickens	Poultry processing, sales, cash mgt

Identifying Operational Realities

What are the types of costs associated with delivering your product/service?

Step	Activities/Outputs	Capabilities	Equipment	Staff	Materials
1	Recruit and hire labor	Marketing and selection skills			
2	Buy bags and raw materials	Purchasing skills			
3	Mix feed	Superior formulation skills/Equipment repairs			
4	Bag mix				
5	Store mixed feed	Inventory management			
6	Transport feed to distribution center	Logistics			
7	Store feed for purchase	Inventory management			

Frame and Scope Your Venture



What is your unit of revenue?

Thinking through the customer and operational experiences, what do you think is tied to a dollar amount for Zambia Feeds (i.e., what is Ilona actually selling and in what form)?

Frame and Scope Your Venture

Through understanding her customer, examining competitors, and other market research, Ilona realized that the way her customers would most likely transport feed from her facility to their own houses/farms would be via bicycle.

She decided to sell 25kg (approximately 55 lbs.) bags of feed that were easily transported by bike.



Scoping Your Venture – Social Impact Goals

Now that you've identified some of the costs associated with your venture, who do you think will pay for this service, and how much?

- Discussions with veterinarians and poultry brokers in South Africa revealed that the optimal weight at which to sell a live chicken was 4 lbs, which yields approximately 8 daily portions of protein of edible meat.
- **Remember:** Ilona's social impact goal was to serve 1,000,000 portions of protein per year.



Scoping Your Venture – Social Impact Goals

Social impact unit goal: daily protein servings produced annually	1,000,000
Approximate protein servings per 4 lbs. chicken (8)	8
Required number of chickens to be sold to reach impact goal	125,000
Approximate pounds of feed required per pound of chicken	2
Required pounds of feed to produce a 4 lbs. chicken	8
Required feed sales (lbs) per year	1,000,000
Required feed sales in US tons	500

1,000,000 lbs = ~18,200 bags of feed

Scoping Your Venture – Financial Goals

Revenue Unit: 25kg/55 lbs bag of feed (sold to customers)	55 lbs
Surplus/Pre-tax profit goal	\$65,000
Pre-tax profitability target	12.5%
Required total sales (\$65,000/12.5%)	\$520,000
Estimated market price for a bag of feed	\$20
Required number of feed bags sold (\$520,000/\$20)	26,000
Required annual sales in US tons	715

26,000 x 55 lbs = 1,430,000 lbs at 2000 lbs/US ton = 715 tons

Reconciling Social Impact & Financial Goals

Social Impact Scope	Financial Scope
500 tons of feed/year	715 tons of feed/year
18,000+ bags of feed	26,000 bags of feed

These figures give us a relative comparison of what it will take to be a financially sustainable company versus what it will take to reach our social impact goals.

In this example, if we build a financially sustainable company, we will easily reach our social impact goals at the same time.

Identifying costs and pricing

Now, let's return to our table that identified our "Types of Costs"

Activity	Equipment	Staff	Materials
Transportation of raw materials to plant	Trucks	Drivers	
Raw materials storage	Warehouse	Guards	
Raw materials	Warehouse	Guards	Ingredients
Bags	Warehouse	Guards	Bags
Bag storage	Warehouse	Guards	
Mixing and bagging	Mixing plant/bagging plant	Mixers/Baggers	Power
Transportation to distribution center	Truck	Drivers	Fuel
Final mix stored in bags at distribution center			Feed inventory
Administration, financing, overhead, distribution, rent	Office/Rent	Office staff	Office equipment/supplies

Identifying costs and pricing

Activity	Equipment	Staff	Materials	Estimated pro rata cost/unit*	Source of Estimate	Cost Multiplier	Cost Estimate (US \$)
Transportation of raw materials to plant	Trucks	Drivers		2%	% of revenues (typical industry cost in Zambia)	\$520,000 revenues	10,400
Raw materials storage	Warehouse	Guards		1.5%	% of revenues (typical industry cost in Zambia)	\$520,000 revenues	7,800
Raw materials	Warehouse	Guards	Ingredients	\$11	Cost per bag (estimate using data from South Africa)	26,000	286,000
Bags	Warehouse	Guards	Bags	\$0.50	Cost per bag (suppliers bags)	26,000	13,000
Mixing and bagging	Mixing plant/bagging planet	Mixers/ Baggers	Power	10%	% of revenues (Ilona estimate)	\$520,000	52,000
Finished product storage	Warehouse	Guards		1.5%	% of revenues (typical industry cost in Zambia)	\$520,000 revenues	7,800
Transportation to distribution center	Truck	Drivers	Fuel	2%	% of revenues (typical industry cost in Zambia)	\$520,000 revenues	10,400
Final mix stored in bags at distribution center			Feed inventory	1.5%	% of revenues (typical industry cost in Zambia)	\$520,000 revenues	7,800
Administration, financing, overhead, distribution, rent	Office/Rent	Office staff	Office equipment/supplies	10%	% of revenues (typical US industry)	\$520,000 revenues	52,000
						Total Costs:	\$447,200

*Examples are per unit sold, percentage of revenues or budget, per month or year, per person, per mile, per square foot, and so on.

Scoping Your Venture – Costs v Goals

Minimum Performance Requirements: Zambia Feeds

Minimum required revenues	\$520,000	Target profit divided by target ROS ($\$65,000/12.5\%$)
Maximum allowable costs	\$455,000	Minimum required revenues minus target profit ($\$520,000 - \$65,000$)
Estimated costs	\$447,200	(From previous slide)



Funding your venture

How will you fund your enterprise and plan for long-term sustainability?

Area of Funding Need	Sources of Funding
Operations	Revenues from feed sales
Equipment	Private Equity/Venture Capital
Inventory	Loans
Land & Buildings	Grants & Philanthropy

Telling the Story

Presented by Harry Douglas

Introductions:

- 90 second elevator pitch
- 150-word executive summary
- Telling the “Problem → Solution → Impact” story

Framing your content:

- Start with WHY
- Problem, Vision, Theory of Change
- Why you?

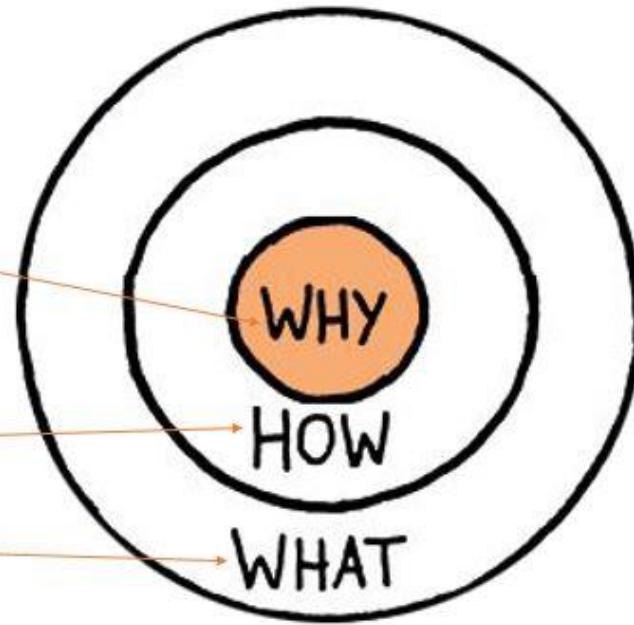
Delivering your content

Homework

Your story starts with “Why”

Golden Circle

- Few know WHY**
Purpose. Cause. Belief.
- Some know HOW**
Differentiating value proposition,
proprietary process, USP
- We all know WHAT**
Every person & business knows what they do



Telling the Story

Problem & Vision



PROBLEM: A concise, clear statement of the need you are addressing through your initiative/ organization, with quantified facts and statistics ready to support.



There are nearly 2 billion people around the world who live in slum housing and more than 100 million are homeless.

VISION: Far-reaching goal for what the world would look like once your work is successful. Shows where you are headed and should paint a concrete picture in 15-20 words.

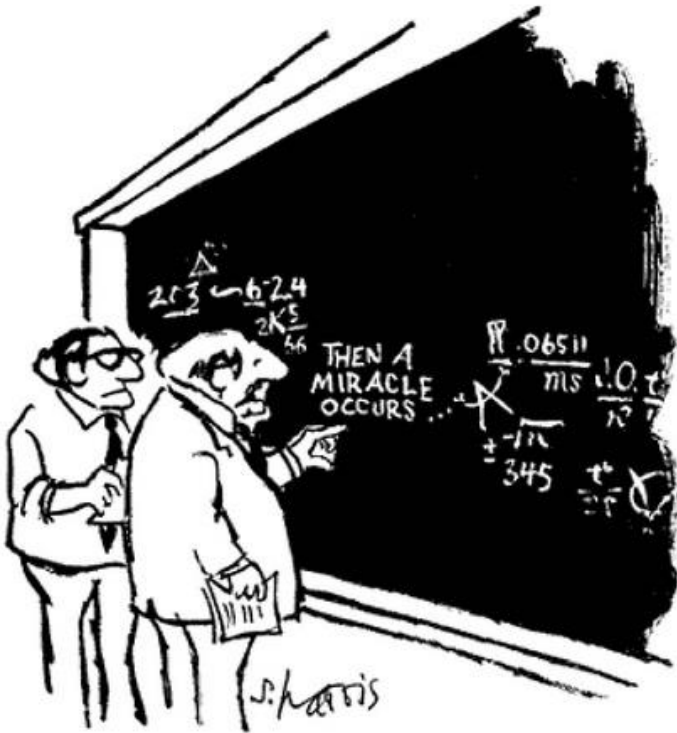


A world where everyone has a decent place to live.

**How do you get from the problem to the solution?
How is your intervention distinct and effective?
How are you uniquely equipped to be create this impact?**

Telling the Story

Theory of Change



"I think you should be more explicit here in step two."

Image credit: Sidney Harris

A comprehensive description and illustration of how and why a desired change is expected to happen in a particular context.

It is focused in particular on mapping out or “filling in” what has been described as the “missing middle” between what a program or change initiative does (its activities or interventions) and how these lead to desired goals being achieved.

Theory of change can be expressed in the form of a “logic model”, which often takes an “if-then” approach.

Telling the Story

Theory of Change: a logic model

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
What resources do you use?	What do you do?	What do you create? (direct products)	Short-term & intermediate results from learning & changed action	Long-term results from systems change
Certain resources are needed to operate your program	If you have access to those resources, then you can use them to accomplish your planned activities	If you accomplish your planned activities, then you will hopefully deliver the amount of product and/or service that you intended	If you accomplish your planned activities to the extent that you intended, then your participants will benefit in certain ways	If these benefits to participants are achieved, then certain changes in organizations, communities, or systems might be expected to occur

How are you equipped to successfully deliver this?

Logic Model Example

Zambia Feeds

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
What resources do you use?	What do you do?	What do you create? (direct products)	Short-term & intermediate results from learning & changed action	Long-term results from systems change
Investment capital Labor Raw materials Land/ storage Supply chain expertise Personal connections	Recruit/hire Purchase raw materials Mix/bag/store the feed Transport feed Store feed for purchase Sell feed	Jobs Cheaper bags of feed Supply chain routes Units of protein	Bigger market of chicken farmers Lower production costs Higher quantity of sellable chickens Higher quality of sellable chickens	Higher productivity Healthier population Better quality of life Lower medical costs

A group of people, including men and women, are gathered in a lecture hall or event space. They are wearing lanyards and appear to be engaged in a conversation. In the background, there is a sign that reads "LIFE LECTURE SERIES" and a staircase. A blue semi-transparent overlay is positioned in the foreground, containing the main text of the slide.

Telling the Story

Why You?

Specific: What value does your experience, skill, or passion add that differentiates you?

Focused: Avoid providing a full, "resume-type" description

Relevant: What is most compelling for your audience?

Concise: Keep their attention!

Telling the Story

Delivering the Content

Key skills to consider before public speaking:

- Projection – Take deep breaths and use up all the air when speaking to insure a strong far reaching sound
- Articulation – Practice over-articulating prior to speaking. Warm up no earlier than 45 minutes prior.
- Eye contact – Scan the room and avoid looking down. Include everyone.
- Stance – Be strong but stay flexible to avoid building muscle tension. In small groups mirror your audience.

Telling the Story

Homework

- Watch Simon Sinek's [Start with Why](#) and [How to Begin Your Presentation](#)
- Before recording your 90-second elevator pitch, deliver your pitch 3-5 times to your friends



THANK YOU

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