
CHAPTER ONE

Discover Through Curiosity

The genesis of creating a successful social enterprise is discovering the right opportunity for you, one that will allow you to tackle a problem effectively, with your particular talents and will create significant impact. This is a process of discovery that involves defining a purpose, targeting a specific problem to tackle, and determining the approach to take.

Defining a clear purpose is essential. Purpose acts as a fuel, driving momentum forward. It's also a compass, keeping an organization moving in the right direction. Purpose is what gets an entrepreneur up at 5:00 a.m. to get to work. It's the reason why a social enterprise will be able to hire and retain high-caliber talent and keep them engaged once they are there. Purpose will attract the right type of funders and it will inspire people to become brand advocates, spreading the word about you and your product or service to their network.

Passion, talent, timing, place, and people must line up for a social entrepreneur to find the idea that is right for him or her. When all of those elements align correctly, a founder has discovered what I call the *Purpose Point* for an organization: the point where a founder's passions and skills can be used to their optimal capacity for the greatest impact. This is the sweet spot that aspiring entrepreneurs must find for themselves. It is the place of strength from which a social innovator should move into the world.

So how does a social entrepreneur, or social intrapreneur, find this Purpose Point? Doing so can seem as challenging as trapping lightning in a bottle. With a seemingly endless supply of problems to tackle, how should an aspiring social entrepreneur decide which one

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to pursue and which ones to pass on? Is finding the Purpose Point just dumb luck, or are other factors at play?

Every social entrepreneur follows a unique path. For some of the founders profiled here, their Purpose Point was discovered in a powerful personal moment that allowed them to see clearly the problem they wanted to tackle and how they could apply their particular talents to solving it. For others, their path was more analytical—systemically weighing their options. Still others were in the midst of pursuing one thing they thought was their purpose only to find their more authentic purpose was something else.

The social entrepreneurs in this book started their journeys at various levels of knowledge about the problems they were tackling, and skills required to execute on their vision. They came from all walks of life. They include the young and old, students and business professionals, a club promoter living the high life and a drifter. They are male and female, and are from a range of ethnic backgrounds. They found their Purpose Points in the most unexpected places, from a concert in Costa Rica to a scummy pond in West Africa to the rough streets of a decaying city.

Finding your Purpose Point is not unlike finding love: everybody must also find it in his or her own way. It's a mix of head and heart, analysis and intuition, and sometimes just pure luck. But though there is no formula for finding your way, there is a set of core insights that emerges from the stories of many successful social enterprises, which boils down to a simple but powerful set of key steps to take:

1. Specify the problem
2. Leverage shifts in culture
3. Build around talent

IDENTIFYING THE PROBLEM OF EYEGLASSES

In October 2008, Dave Gilboa walked off a plane and did something many of us have done: he left something behind. In

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his case, it was his \$600 pair of glasses, which he'd stowed in the back of the seat in front of his.

He was a student at the Wharton School of Business at the time, and back in the computer lab, he recounted this minor tragedy to a few new-found business school friends—Neil Blumenthal, Andy Hunt, and Jeff Raider—lamenting that he had to pony up another \$600 for a new pair of glasses.

“Why is a product that’s essentially made with a 500-year-old technology the same price as an iPhone?” Dave asked.

Neil knew it didn’t need to be that way.

Learning at the ScoJo Foundation

Five years earlier, Neil, whose undergraduate degree was in international affairs, wanted to do some work in international development. Through a random introduction from a friend, he met an eye doctor, Dr. Jordan Kassalow, who had started the ScoJo Foundation to bring glasses to the poor across the globe. Kassalow invited Neil to help monitor his first pilot program in El Salvador.

The foundation works with local entrepreneurs in the developing world to help them sell ultra-low-cost glasses in underserved communities. By tapping a local work force, the foundation solves the difficult problem in so much of the developing world of the last mile of distribution to rural areas, while also creating much-needed jobs. The foundation also trains the sales recruits to give eye exams, thereby improving eye care. And the impact doesn’t stop there. The jobs created provide the recruits with a sense of dignity as well as the means to invest in the health and education of their families, which has further positive ripple effects for the communities. It’s a powerful model.

According to Dr. Kassalow, “There are over 700 million people who need eyeglasses. It became clear to us pretty quickly that unless we created a market-based solution to the problem, we would never be able to scale. That’s why I chose a social entrepreneurial model.”

It sounds so simple. But it took a lot of trial and error to fully execute the vision of the ScoJo Foundation. During its first pilot, the goal was to partner with a microfinance institution that would give

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very small loans to the entrepreneurs to enable them to buy an initial inventory of glasses from ScoJo. The entrepreneurs would then pay the micro finance institution back after they had made money from selling the glasses.

The first lesson was that this model was not going to work because it required the most vulnerable people in the equation—the new entrepreneurs—to bear the burden of the financial risk if the glasses didn't sell.

So ScoJo switched from a microfinance model to a microconsignment model, giving the entrepreneurs the glasses on a consignment basis. This way the entrepreneurs pay ScoJo as they sell the glasses, and if they fail to make sales, they simply return the glasses.

Upon returning from the pilot in El Salvador, Neil was hired to work for the foundation full time and was put in charge of rolling out their programs globally. He was essentially launching a new startup every 18 months across the globe.

What Are the Stars Wearing?

The most striking lesson Neil learned over time was that no matter who you are—whether rich or poor, from the East or the West—design matters.

The ScoJo team started doing careful analysis of the style of frames that were selling and the ones that weren't in each area. To do a better job of catering to demand, they began watching TV and paying close attention to what the Hollywood, Bollywood, and Nollywood stars were wearing. They also went to upscale eyewear shops to discover the styles that were most popular. They were in relentless pursuit of all the information that would help them to create a product their customers actually wanted.

But to do that they would need to develop their own relationships with designers and manufacturers. One of the board members of ScoJo was from Oliver Peoples, and he began to show Neil the ropes of eyeglass manufacturing in Asia, taking him to the big trade shows and on visits to factories. Little by little, Neil learned the production process, and it became clear that it doesn't necessarily cost anything

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extra to design and manufacture glasses that are stylish than it does to make those that aren't. It simply takes intentionality.

So ScoJo began designing its own glasses and working with manufacturers to create the styles that specific segments of the market wanted, at a price point that was reasonable.

The foundation eventually rebranded and became VisionSpring, continuing to do great work across the globe.

Is There a Better Way for the Glasses Industry to Operate?

After five years of bringing the model into communities all around the developing world, Neil had decided to attend Wharton. Neil shared his insights from his VisionSpring work, with his new friends at Wharton, and, as business students are wont to do, the four friends began riffing. Jeff shared that he had a pair of glasses at home that were put together with duct tape, and had a hard time justifying the cost of buying expensive glasses as a full-time student. Apparently, the high cost of glasses wasn't a problem only in poor countries. Andy chimed in that maybe glasses could be sold online, which could help to reduce the cost. They cooked up an idea: Might they apply the lessons Neil had learned to disrupt the eyewear industry?

The next day the four friends met up at a pub. Over a few Yeunglings, they decided that they really wanted to give the idea a shot. They would launch a company that would produce stylish, low-cost glasses and sell them online through the mail in the United States, for a start. For every pair of glasses they sold, they would give one away to someone in the developing world, following the established one-for-one model. Passion, talent, timing, place, and people had lined up for them.

The four immediately sketched out the basic idea for a company that would indeed soon upend the eyewear business. They were successful in large part because they had done a good job of identifying a very specific problem to solve, focusing just on making stylish glasses at low cost; they recognized and capitalized on the cultural shift of growing consumer demand, at all levels of the economy, for well-designed products; and they built on the solid

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foundation of the knowledge Neil had learned and their collective business school training.

RECOGNIZING THE RIGHT PROBLEM FOR YOU

Many aspiring social entrepreneurship don't gain clarity about what they want to create until they have a first-hand experience of some particular tragedy that sparks their passion. Both Jane Chen, one of the founders of Embrace, and for Scott Harrison, the founder of Charity: Water were catalyzed by personal experience. But they each took very different routes to that "aha" experience. Their stories are both great cases of how circuitous the journey of discovery can be.

When eight-year-old Jane Chen saw that her lemonade stand sales were not meeting her projections, she did what any good entrepreneur would do. She pivoted. Instead of sitting behind a lemonade stand all day and hoping for customers to wander by, she decided to take the lemonade to the customer. Jane Chen went mobile. Door-to-door, neighbor-by-neighbor, Jane knocked and made her pitch. Her pivot worked. Jane saw the sales of her lemonade skyrocket.

Jane is a born entrepreneur, but that didn't seem to be in her cards. As with many immigrant parents, her dad wanted a different path for his daughter than his own. His dream was for her to grow up to be a doctor. He was so focused on that dream that he would ask her again and again "What is your name?" to which she had been taught to respond "Dr. Chen." Jane ended up going her own way, though, and getting a business degree, becoming a consultant. Nonetheless, she would go on to save the lives of people all around the world.

While she was working in consulting in Taiwan, Chen happened to read an article in the *New York Times* about the AIDS crisis in central China. She couldn't believe what she was reading. Sixty to eighty percent of adults were HIV positive. The infections were not due to drug use or promiscuous behavior but to the government's shoddy blood-donation system, which wasn't sanitary. People were being exposed to infected blood.

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Chen became obsessed with the issue. She would try to find any information she could about the crisis. She would talk to colleagues at work about it and friends at cocktail parties. Eventually she felt she had to go see for herself. She made a few trips to the region and finally met up with a nonprofit working on the problem, helping to care for the AIDS victims and their children. She discovered the non-profit was only allowed to operate on a promise of complete confidentiality. If the government found out that the group was spreading any word about the issue, the work would be stopped.

Jane began volunteering with the group, and she found that she loved the work. Though her management-consulting job was challenging and interesting, she realized she didn't feel an authentic sense of purpose in it. She also found that her skills from consulting were tremendously helpful in the nonprofit sector. She was able to bring rigorous business expertise to the organization and contribute to its growth.

Before long, she decided she wanted to move fully into the nonprofit world so that she could leverage her skills to maximize her impact. When she was asked to come on full time at the nonprofit, as program manager, she took the leap. She felt she had found the perfect marriage of meaning and talent. In the next few years, the nonprofit made huge strides on the issue. Their programs to care for the AIDS patients and their families continued to grow, and they earned the respect of the government and were able, after a long series of meetings, to persuade the government to give them the authorization to put a program in place to not only care for the victims but provide free education for all their children.

The Real Challenge

Before she knew it, she was on a plane back to the United States to start her joint degree at two of the most prestigious schools in the nation: Harvard's Kennedy School to get her master's in public policy, and Stanford's Graduate School of Business for her MBA. During the summers at Harvard, she interned with the Clinton Foundation in Tanzania, where they were working to develop a

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nationwide AIDS strategy. Jane's job was to work with the lab technicians across the country to ensure proper testing.

On one particular visit out to the rural villages, as Jane was going through all of the questions on her survey with a technician, the woman abruptly walked out of the lab saying, "I'm hungry. I have no food. I need to eat." It turned out that she had biked 30 kilometers to get there. Jane began to realize that it's not until you fix all aspects of a problem that you have created a truly impactful solution. If the lab technicians are starving, the accuracy of lab results is at risk. If women are not empowered by having real earning potential, they aren't going to be able to convince their husbands to wear a condom. If a country has massive amounts of anti-retroviral drugs, but no way to distribute them, they are useless.

Back at Stanford Business School, when she spotted a class in the course catalog titled "Design for Extreme Affordability," she was intrigued and signed up. The class was comprised of 50 percent engineers and 50 percent business school students, and the students were broken into teams. Each team was assigned a specific problem to solve by designing a new product. The catch was that the product had to be affordable to those living on less than \$1 a day. This is definitely not a simple design task.

Jane's team was given the challenge of designing a baby incubator at 1 percent of the cost of a traditional incubator. The team set about doing some research, and when they crunched the numbers, they discovered that there are 20 million premature and low-birth-weight babies born every year. They traveled to Nepal to see the problem firsthand in rural areas plagued by extreme poverty. The big "aha" moment for the team was when they realized that they were thinking about the challenge incorrectly. They didn't need to just create a low-cost baby incubator. The real challenge was to save babies. Reframing the challenge from building a product to saving babies' lives forced the team to think differently about their approach to the solution.

If they just wanted to create a low-cost baby incubator, they could have taken a traditional incubator and just stripped it down to make a simpler, more affordable version. But the problem with that approach was that traditional incubators require constant access to

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electricity and trained professionals to operate them. They are also incredibly expensive, and the places with high infant mortality rates are most often poor rural communities where electricity is non-existent or sporadic and there are no trained medical professionals. So the solution had to be simple enough for a new mother or midwife to operate. On top of that, with care often happening in the home, incubators must be portable, not the bulky machines hospitals use.

Jane and her team came up with the idea for the Embrace Warmer, a device similar to an infant sleeping bag, which is heated by a packet of a wax-like substance that can be easily heated and reheated. They believed that if they didn't try to turn the idea into a viable product, nobody would, and they went for it. As we'll see in the next chapter, they had lots of hard work ahead of them, but they'd come up with a great product idea to fill a pressing need and that they were a good team to tackle creating it. Jane had been mobilized by her experience with the AIDS crisis, however, she found her purpose not out in the field but through a graduate school assignment.

Success Without Purpose

Scott Harrison's journey to discovery was both similar and different. Scott grew up an average kid from a church-going family in an average New Jersey suburb. Like a modern day prodigal son, at 18 he grew his hair out and started partying. Then he moved to New York City to join a band. They played a few gigs around the city, but it didn't take him long to realize that the guy booking their band was making more money than the band members. So when, after a year, the band broke up, he asked the booking agent if he could work with him, and he started a new career as a club promoter.

His first gig was at a rhythm and blues night at a club on 14th Street. Chakha Khan and Brian McKnight would sometimes stop by. It was a great gig for a 19-year-old. But Scott was at the bottom of the food chain in the New York club promoter scene, and he was hungry for more. So when one of his buddies bet that he couldn't get a job at a hot new club called Lotus, he went for it and somehow talked his

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way into the position. He was now a promoter at one of the hottest new clubs in the city.

Promoting came naturally to him, and he steadily climbed the ladder in the club scene. The next 10 years went by in a blur. Better clubs, prettier girls, and always chasing the next best party were his life. Eventually, he found himself at the top of the scene. On any given night there are eight night-club promoters running the biggest gigs in the city, and Scott and his partner were two of the eight. Scott was living some people's dream, being paid \$8,000 per month by alcohol brands just to drink their product in public, dating models, and dining out on expensive comped dinners. But he wasn't fulfilled.

On an epic party trip to Puta Del Esta in Brazil, after the bottles and models and \$1,000 fireworks, he got up in the morning and sat on the beach, hungover, reading a book called *The Pursuit of God* that his dad had sent him. Something awakened inside of him. He asked himself what kind of legacy he wanted to leave: would it be purposeful? He knew he didn't want to be 60 years old, divorced, and spending his time chasing after 20-year-old models. He hadn't prayed in years, but he decided to give it a shot and ask God for a way out of his unfulfilled life.

About six months later, he saw his chance to escape. He rented a car and took off on an uncharted trip, ending up in Maine. While on the trip, he made a deal with God and decided to devote a year of his life to doing volunteer service somewhere. From an Internet café, right then, he applied to all the big humanitarian organizations including World Vision, Samaritan's Purse, the Peace Corps, and Mercy Ships. But he was rejected from every single one of them, because what does a humanitarian organization need with a club promoter?

As his luck turned out, though, Mercy Ships, a hospital on a ship that sails from port to port to conduct medical operations for those in need, had a ship that was about to set sail from Germany that needed a photographer and, when they went back through their rejected applicants, they decided to give Scott a call. Even though he had no guarantee that they would take him, Scott booked the next flight to Germany to meet with them, and he convinced them that his heart

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was in the right place and got the position. Obviously one of his real talents is persuasion.

The ship was sailing to West Africa, where the team would spend the next eight months. The night before the ship was to disembark, Scott got completely wasted. He had picked up so many vices over the last decade—smoking two and half packs of Marlboro Reds a day, drinking heavily, drugs, gambling, pornography, strip clubs, you name it. He decided this was the last hurrah for all of that; he needed to go all in on this new stage in life and give all of that up. The next morning he walked up the gang plank embarking on a new life and leaving the old life behind.

Three days later, the ship docked in Benin, greeted by a stadium-sized crowd waiting for surgery. Many of the patients were stricken with grotesque tumors on their faces, which made a profound impression on Scott. The ship was staffed with amazing doctors, but they couldn't see all of the people needing surgery. Those in the most dire situations were operated on, but many were turned away.

The next stop in Liberia was more of the same. The country was in a shambles after a prolonged civil war, and there was one doctor for every 50,000 people, with no electricity or running water in many places.

Every port of call was in similarly dire circumstances. Scott took 50,000 snapshots of the suffering, and he started blogging about the experience, sending out mass emails to the huge list of New Yorkers he had put together from promoting.

The Spark Had Been Ignited

When he returned to New York, Scott was full of a new passion to help those in the developing world. But he was completely broke and had to crash on friend's couches, living off the \$100 here and there that friends would give him. He even sold his cherished DVD collection and camera gear. Before long, he decided to dive back into the club life, but this time to spread awareness of the devastation he had witnessed.

Scott convinced a high-end Chelsea gallery to host a nine-day exhibit to feature his photographs from the trip, with the highlight

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being powerful before-and-after images of the patients operated on. He also came up with a fundraising idea to support Mercy Ships.

One of the Mercy Ships initiatives was to dig wells to provide clean water to villages, and Scott decided he would try to sell \$20 bottles of water at the exhibition to contribute to the water project. He had no idea if anybody would buy them, but it turned out they would. In the nine days, the exhibition raised a total of \$96,000, mostly from the sale of Scott's photographs, but \$15,000 was from the sale of the water.

The Problem Comes Into Focus

After that success, he flew back for another mission with Mercy Ships. This time around, he made friends with the guy who was managing the water project. Scott visited villages in Liberia and was shocked to see people drinking filthy water from swamps. His eyes were opened to a horrible reality that over a billion people on the planet have no access to clean water.

Scott realized that this one guy digging wells was making a huge impact at a relatively low cost. Each well cost a few thousand dollars and would provide clean water for hundreds of people. The simplicity of the solution hit him hard. Was the problem this solvable?

As Scott continued with his blogging, photography, and videography, he started not only telling the story of the patients on the boat, but also the water story out in the villages, blasting his posts out to his large email list. Let's just say he got a mixed response. Some didn't want to hear about it and would send responses along the lines of "Take me off this list, I signed up for the Prada party, not the freaking tumor." But he also received responses like, "I'm sitting here at my desk at Chanel and I'm weeping reading this story and seeing the photos." Some people told him they were moved to take action themselves and start volunteering or giving money.

After Scott's second tour with Mercy Ships, he decided to commit himself to fighting the crushing life conditions of the

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developing world. At first he thought the organization he wanted to found would take on multiple issues, and that he'd just start with water, which is why the organization is called Charity: Water. The idea was that over time he would add other issues after the colon. But as all social entrepreneurs soon discover, tackling just one problem is more than enough challenge, and you can't try to tackle a problem in its entirety; you've got to tightly focus.

Both Jane Chen and Scott Harrison stumbled upon a specific problem that resonated with them in the most unexpected ways. Their first-hand exposure to suffering drove them to take action. Does this mean that you should volunteer for some overseas project yourself in order to discover your own problem? Maybe. It's one good way to go. But the "aha" moment can also come to people who've done no such prior work, and your problem doesn't have to involve saving lives to have a meaningful impact. Consider the very different story of how the founders of Etsy stumbled on their idea.

A NEW KIND OF MARKETPLACE

In 1999, Rob Kalin and Matt Stinchcomb lived together in an overcrowded Brooklyn apartment. Matt was in a band called the French Kicks, and to make a little extra money on the road he started screenprinting t-shirts for his band. Other bands started asking Matt where he got his t-shirts and he started getting orders from them to make their t-shirts too. That turned into a small business that Rob and Matt ran together. When he wasn't screenprinting, Rob was making handmade wooden computers. The two roommates loved to build stuff.

At one point, Rob was also a little behind on the rent and he found out his landlord needed a web site for one of his restaurants. Rob saw an opportunity. He offered to build his landlord a web site in exchange for the back rent. There was only one problem; Rob didn't know how to build web sites. But he thought it couldn't be that hard, right? So he bought a book on HTML and got to work.

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While he was building the site, he wanted to figure out how to animate an image of flames (yes, that was cool in 1999). So he posted about it on a message board and met two programmers from New York University, Chris Maguire and Haim Schoppik. They hit it off and decided that building web sites was an easy way to make some cash, so they teamed up to create a web design firm.

One of their first sites was called Get Crafty, which they built for their professor's wife, who was really into crafts. Building the site taught Rob that there was a big community of people involved in making crafts. Everybody was making things, but nobody had a good place to sell this stuff. And so he had his "aha" moment. What about creating an online marketplace for makers? Chris, Haim, and he set to work.

In brainstorming about what to call the site, Rob's roommate Matt suggested, only half in jest, calling it handjob.com. They thought better of it, and instead the team decided on Etsy.com, which launched in the summer of 2005.

A couple months later, Rob asked Matt to join the company to do marketing, and Matt responded that he didn't know anything about marketing, (which should have been obvious from his proposed name for the company). Rob shot back, "It doesn't matter, just do what you do for the band but for the web site." Matt was tired of life on the road, and he was ready to get married, so he took the position.

The team also added a more technically proficient programmer, based in New Mexico, named Jared. Matt and Rob worked out of their apartment in Brooklyn, and Chris and Haim worked out of theirs in Jersey. The team's passion was to create a site to promote the creative class, like their friends that were making great stuff.

Since 2005, Etsy has become the destination for hand-crafted goods. What started in a Brooklyn apartment has grown to a platform that sold more than \$1 billion of hand-crafted goods in 2013.

In all four stories told so far in this chapter, the discovery of the problem involved serendipity, but this is not always the case. If you have the desire to create a solution, you can also be more methodical in the pursuit of an idea. Just take the case of the methodical Method men.

METHOD TO THEIR MADNESS

METHOD TO THEIR MADNESS

Adam Lowry was a chemical engineer and climate researcher and Eric Ryan was an advertising account manager when the childhood friends came up with their business idea. Both bachelors in their 20s, they were sharing an apartment in San Francisco. They had trouble keeping their apartment clean and were the last guys you'd expect to start a cleaning-products company.

But Adam and Eric were both looking to make a career change. As much as Adam loved doing research for the Kyoto Protocols, it was clear that he was just preaching to the choir of those who already cared about the environment. As for Eric, he was creating campaigns to sell stuff that he didn't care about. They were both looking for more purpose in their work.

Adam really wanted to find a way to reach people not already mobilized in the environmental movement, and he had come to believe that the way to do so would be to move from the policy world into business. In his world, business was seen as the enemy of the environment, but he was convinced it could be a powerful friend of the environment. He had determined to start a social enterprise to make some kind of pro-environment product, but he had no idea what the product should be.

Eric was interested in finding work he felt was more meaningful, and he liked the idea of starting a business with Adam, but he didn't know what it should be either. What they did know was that they wanted to create something that had both style and substance, that was fresh and also stood for something important. Instead of wracking their brains to come up with an idea for an innovative new product that the world had never seen, they decided that it might be easier to identify an established product that they could make more environmentally safe and also more stylish.

What was especially smart about their approach was that they made great use of leveraging not just one, but two powerful cultural shifts that were under way.

They harnessed the power of consumers' growing desire to buy lifestyle products that make a statement about who they are. And they capitalized on the still-building momentum behind consumer

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demand for environmentally friendly products. They also had a clear understanding of the innovation they would need to bring to the table—they knew that whatever their product was, it would have to make a significant step forward in the green movement.

By brainstorming for many hours one day, they hit on the category they would target. The desire for more stylish products was probably nowhere more evident than in the home. From coffee makers to closet organizers, product design had gone upscale, but they realized this trend hadn't yet come to cleaning products. This was a huge category, ruled by long-established brands, but they believed they had identified a gap in the market. Most cleaning products were still made of toxic chemicals, and the packaging had no hint of style. The big brands had missed the big cultural shifts that the two would leverage.

The idea would also build on their combined talents. Adam knew enough about chemistry to take the lead in product development and testing and Eric had design and marketing expertise from his work in advertising. When they thoroughly assessed the competition, they determined that nobody was doing what they had in mind, at least not well. The environmentally friendly products didn't work as well as those with the toxic chemicals, and no one's packaging really stood out for its design. Shopping for soap was like dating in a town with two options: Hire a so-called professional (a sure thing, even if it leaves you feeling dirty) or get stuck with a prude (and embrace austerity in the name of moral righteousness). They decided they would create a third option, a product that was natural and got the job done, and that looked great too—so great that even consumers with no particular interest in the green movement would want to buy. They would bring green to mainstream by making a desirable product that happened to be more sustainable.

They had absolutely no natural passion for cleaning products. But they had done a good job of identifying a specific problem, they realized how they could tap into the power of shifting consumer sentiment, and they drew on their combined strengths. Actually creating a successful product line and growing their market was by no means just a given, as we'll see in the next chapter, it took lots of

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persistence. But their methodical analysis had in fact uncovered a gap in the market, and within 14 years, the company had grown to more than \$100 million in annual revenue.

The Method story is a great example of strategic product innovation drawing on considerable expertise. The design of the products is truly world class, and in-depth knowledge of chemistry was required. But founders don't have to take such a research-based approach to be able to build a large market. The story of Burt's Bees is a study in contrast.

INSPIRATION AT A SLEEPY ROADSIDE STAND

One summer day in 1984, Roxanne Quimby's life changed when her beat-up VW bus broke down on her way home in her small town in northern Maine. She put out her thumb to hitch a ride, and the gnarly looking man with long hair and big beard known to all in town as "Dirty Burt" happened to be driving by and picked her up.

Burt lived in an 8-foot by 8-foot turkey coop and had 50 beehives on his property. He would put the honey in old pickle jars and sell it at an old roadside stand where he would put out a money jar next to the honey for patrons to pay, then promptly set up his lawn chair and take a nap. Burt and Roxanne began to spend more time together. As Roxanne got to know Burt better, she realized that she might be able to add some value to his business. Of course, if Burt were just awake at his stand that would be an improvement, but Roxanne had a specific idea for product enhancement. She had an art degree and thought that they might be able to sell more honey if they improved the packaging. It worked; people bought more honey.

Roxanne then started making candles with the beeswax. So, they struck a deal: Burt would keep the bees and Roxanne would package the honey and make the candles. Sales of honey picked up and the candles were a hit.

They then began selling their products at craft fairs across the northeast, earning \$200 at their first fair and \$20,000 total in sales for their first year. That was not exactly a living, but their sales grew

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steadily from there. A few New York boutiques had seen the candles at regional craft fairs, so they began to carry the candles, and sales skyrocketed. So, Roxanne began to experiment with other products based on beeswax, formulating shoe and furniture polish as well as lip balm on the wood-burning stove in her cabin.

She also kept experimenting with the packaging and eventually ran into an artist at a craft fair who made wood-cut etchings. She commissioned an etching of a burly, bearded Burt, and they used it for their small tins of lip balm. The customers responded. The combination of the natural products on the inside and the vintage etching packaging gave them a distinctive brand identity. At the craft fairs they couldn't keep the lip balm in stock; its sales far eclipsed those of the polishes and candles. Roxanne took her cue from the customers and started to make other natural personal care products. These new products sold so well that eventually she stopped making candles and polishes altogether.

Roxanne didn't set out to create a company of any sort. She just stumbled into it. Burt and she caught the rising wave of consumer interest in natural products at that time, and she drew on her artistic talents to create brand imagery that connected powerfully with their niche target market. Roxanne discovered she had real talent for product development and marketing, and in 1999, she made a deal with Burt to buy his stake in the company and continued building it successfully. In 2007, the company was sold to Clorox for \$931 million, generating some criticism in the environmental and natural goods community. But there is no denying that the Burt's Bees brand was one of the companies, along with Ben & Jerry's and Tom's of Maine, that helped to move the demand for natural products closer to the mainstream.

So much in growing a successful enterprise of any kind has to do with timing and with the speed at which the company attempts to scale. Burt's Bees is a good model for pursuing modest, incremental growth while continuously developing your product offerings and your business expertise. You don't have to "go big fast," as has been a mantra in Silicon Valley, and you don't have to invent a bold new product. If you identify a good product or service to

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offer, you can pursue a niche market if you are attuned to that market's desires.

INNOVATION FROM WITHIN

Discovering your purpose point can happen anywhere, including inside a big corporation. Social innovation isn't only for social entrepreneurs, those building organizations that change the world, it's just as relevant for social intrapreneurs, those launching innovative initiatives inside established corporations. Social intrapreneurship is powerful because of the scale of impact that is possible within a company with large budgets, extensive distribution channels, and existing relationships with customers.

Waste Is Only Waste If You Waste It

When Bea Perez received a call from her friend, she wasn't expecting to find herself backstage at an arena with one of the biggest pop stars on earth that evening. Sometimes really innovative opportunities come out of the blue.

Bea's friend said, "Will.I.Am would like to talk to you about an idea he has." She replied, "Okay, so when will that be?" He responded, "Tonight. He's in town for a concert. We'd love to have you backstage to talk about his idea."

She sat down with Will.I.Am. At that point Bea was in marketing at The Coca-Cola Company, so she was expecting to hear a marketing or endorsement pitch from the musician. Will.I.Am started with a story about a concert in Costa Rica. The concert was huge, about 100,000 people in attendance. Typically, as soon as the show ends the stars jump in vehicles and are whisked away from the venue back to their hotel in order to avoid traffic. That night they missed their cue and had to stay in the arena until the traffic thinned out. So, they decided to make the most of it and had their own little party at the venue. Little did Will.I.Am know that one missed cue would inspire a game-changing idea.

"We went out on the stage and we saw the aftermath of our concert. And the venue was just littered with trash—mostly

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bottles. Recycling bins were right next to the exits, so it isn't like people couldn't have just put the bottles in a bin. That was the first time that I realized that, wait a second here, our concert caused this much freaking waste? We played a big a role in this. I'm partially to blame," Will.I.Am said. "We bring people together with no culture other than consumption: eat, dance, drink, trash. So the physical manifestation of that was bottles, and trash, and cups. We wasted an opportunity to make something out of bringing people together. We left no message. We left no discipline, no tools. We left a big void."

He pitched a vision for products that are composed of recycled Coca-Cola bottles. He talked about getting other brands involved to make recycling cool, by creating aspirational goods that people would want. They would use the goods almost to create a whole new dialogue. He reasoned that if consumers knew how many bottles were inside that really cool jacket or iPhone case or jeans, maybe they would be more willing to recycle because then it would have value. To his thinking, waste is only waste if you waste it.

He tied the concept into Coca-Cola's goals for recycling, and made the case for a partnership that would help accelerate both of their goals for sustainability. In addition to achieving Coke's goals of increasing recycling rates of their packaging, a partnership could change manufacturing processes of the brands they work with and, perhaps most importantly, give consumers an opportunity for conscious consumption. Finally, they could use the profits for purpose by supporting grassroots community organizations that are promoting more sustainable living.

"You have to start conscious consumption somewhere, and an easy place to start is: 'when I buy this, it could turn into that,'" he said. "When I buy a Coke, let me make sure that after I buy this, I put it in a recycling bin to make it easier for it to turn into products I love." His concept was a virtuous cycle of recapturing waste and turning it into aspirational products, which encourage capturing more waste.

He called this partnership EKOCYCLE. A clever name, as the first four letters "EKOC" is an anagram of the word "COKE", and

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cycle refers to this virtuous cycle created by recycling and conscious consumption.

Will.I.Am really understood the goals and commitment of Coca-Cola. He'd done his homework on Coke's business and on the industry as a whole. He didn't have a naive idealistic pie-in-the-sky idea. Bea said, "He had a clear understanding of the challenges ahead of him. But he also had the passion and desire to give his own personal time and commitment to be a part of the solution. That's the same philosophy that Coca-Cola has. So our philosophies matched." Bea championed the EKOCYCLE internally, and after a few meetings was able to get approval for this innovative project.

THE BUMPY PATH TO INNOVATION

In the 1990s, Nike was in the headlines for all the wrong reasons. It was one of the first brands to be hit with accusations of poor working conditions at their factories in Asia

Their factories had a litany of worker rights' violations, including low wages, workers being fired for getting pregnant, workers being fired for trying to improve working conditions, and harsh punishments for underperformance such as licking the floor or being slapped with the sole of a shoe.

At the time the company was an adolescent, 20 years old as the scandal started to break. So, unsurprisingly, the reaction was very adolescent. Nike's stance was very defensive and aggressive. At first, they didn't own up to the problem. That denial and defensive stage was counterproductive, fueling the fire that began to rage against them.

It took five years before the leadership at Nike took a hard look at the reality and realized that the world was changing. The expectations of business were shifting underneath them, and they had missed the changes. Companies were just beginning to be held to higher standards—socially and environmentally. They realized that they were going to have to change. They had missed the weak signals. They missed the changing expectations for increased transparency, and they had to fundamentally rethink their approach to the issues.

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Companies are made up of people. And, just as it is sometimes difficult for people to recognize that they need to change, companies struggle with the same thing. But the ones that don't change quickly become obsolete. (Think Kodak missing the digital photography revolution.) Nike decided to look inside, to pivot, to understand the cultural shift, and to accept it.

Nike pivoted from a stance of denial and defensiveness to one that engaged its critics, and started the journey toward change by creating a department of Corporate Social Responsibility (CSR). What followed was a lengthy year-long process of engaging with stakeholders, rethinking policy, and working on the ground.

But as they went through this process, the company realized two things. First, you need to go back in the business model and really try to understand what needs to change in the business to drive the behavior and the change on the ground. The second thing you learn is that you can't do it on your own, that you are going to need a massive new competency in collaboration across an industry that is profoundly competitive. You will also have multi-stakeholder coalitions and need to bring all of these parties together. So, Nike spent a great deal of time collaborating with external stakeholders.

Additionally, the CSR team was also looking internally. They started to look at the business model itself, asking a simple question: How do you integrate sustainability into the everyday fiber of the company? The search for the answer to that question forced them to look deeply and broadly. Fortunately, the team has a unique view across the entire company.

Nike's sustainability and innovation journey was established to hedge risk—the risk of bad publicity and damage to the goodwill of the brand. But it didn't end there. You may be surprised at how this journey completely transformed a \$68 billion company.

AFRICA'S MOONSHOT

1911 was the year IBM was founded, the Model-Ts mingled with horse-drawn carriages on Main Street U.S.A., and bi-planes were in the air; the world had not yet experienced what would come to be

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called World War I and the United States was not yet suffering through prohibition.

Through the years, IBM has been a leading force in modern corporate America and contributed some of the most important advances in information technology. Their technology helped put a man on the moon, they were on the leading edge of both the super computer and the personal computer, and in 2011, IBM's Watson computer won the TV game show Jeopardy!.

All of these breakthroughs, from punch cards to vacuum tubes to machine learning and speech recognition, started in a research lab. IBM is a company built on the science and technology emerging from its labs, and those labs are known as some of the most prestigious research facilities in the world, packed with PhDs who are at the top of their field methodically working to develop the next generation of technology.

In the mid 1990s, IBM Research wanted to bring the research process to the global emerging markets in order to work with local teams on innovation, so they opened research facilities in China, India, and Brazil.

After the turn of the millennium, IBM Research Senior Vice President John Kelly challenged the division to move where the challenges are the hardest. The hardest, most intractable challenges the world is facing right now are on the continent of Africa.

The continent has great potential, with sub-Saharan Africa poised to have the most rapid population growth over the next 50 years. Africa has 60 percent of the world's uncultivated arable land. In 2008, Africa's consumer spending was more than Russia and India combined at \$860 billion, and is projected to rise to \$1.4 trillion by 2020. Fifty-two cities in Africa have more than 1 million people, more than Europe or North America, and 400 million Africans live in cities. Mobile phone subscribers doubled from 2000 to 2010, going from 300 to 600 million subscribers. By 2040, the continent will have a labor force of 1.1 billion people, more than China or India.

But it also has challenges that make it difficult to conduct business or research. The challenges include weak government, corruption, political instability, minimal infrastructure, and terrorism, just to name a few. These challenges can make it difficult for an

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established company to risk investing a significant amount of money in the continent.

IBM had already begun working with commercial clients in East Africa, but there was a real desire to do more. Internally, the question was posed among senior management "What is the best thing we can do to help the growth of Africa?" Other than the obvious answer of working with enterprises on the continent, which they were already doing, was there something more?

Given that over its century-long history, IBM had only established 12 labs, their CEO felt that the most precious gift they could give to the continent was a research lab. He saw it as a signal that they were serious about Africa. IBM was not just there to capitalize on the growth, but at the same time to contribute to solving some of the continent's most critical challenges.

That sparked internal debate on whether IBM could do it, and if now would be the right time. The head of research for growth markets, Robert Morris, eventually stepped up and said, "We cannot wait. This is where the hardest challenges are. So, we need to be here. We need to bring people here. We need to make a difference."

So, they started laying out the groundwork to build the first research lab in Africa. The first hire was the Lab Director, Dr. Kamal Bhattacharya—an IBM Distinguished Engineer with almost 15 years of IBM experience in roles focused on business and IT transformation in Europe, the United States, Asia, and Africa. Before being selected to head up the lab in Africa, Kamal was the Senior Manager at IBM Research—India, Bangalore, and, prior to that, team leader at Watson Research in New York, exploring new ideas in the area of IT Optimization.

Dr. Bhattacharya believes that Africa's unique challenges and constraints allow for the acceleration of scientific and technical innovations. As far as commercial and industrial development, though there are pockets of great advancement, much of the continent is far behind the western world. Dependency on aid, trade barriers, and an underdeveloped manufacturing industry have much of the continent living off subsistence farming in the manner Europe did prior to the industrial revolution.

KEY TAKEAWAYS

With the rapid growth on the continent, Dr. Bhattacharya believes, in order to survive large leaps forward are required. "If you look at the downside of all this, population growth and urbanization, you could estimate that, from an agricultural and food security perspective, we need to accomplish in 20 to 30 years what it took Europe 200 years to accomplish."

IBM created the technology to get a man on the moon. Addressing the grand challenges of Africa is our generation's moonshot. It will require just as much creativity and innovation, and, if successful has the power to change the trajectory of an entire continent. IBM just launched the first private research facility in sub-Saharan Africa.

Dr. Bhattacharya says, "We just took the plunge. We don't know if that is the right thing to do, but it just feels like the right thing to do, so let's just go and do it."

KEY TAKEAWAYS

Each social enterprise profiled here took a unique path to finding a Purpose Point. The hard fact is that there is no single path to doing so, but the good news is that you can focus on the three fundamental commonalities pointed out throughout these stories in the ways that so many successful social innovators have honed in on the problems they've tackled and on what their product and business model would be.

1. Specify the Problem

The first step toward finding your Purpose Point is to identify a problem to tackle with enough specificity that you can differentiate your brand and tap into a market that can be effectively targeted. Narrowing down the distinctive contribution you want to make to fit your capabilities and to hone in on a community of early adopters is vital. Even behemoths like Coca-Cola and Nike must take carefully calibrated steps. Specificity is essential when identifying a social or environmental problem. By definition, social entrepreneurs are trying to solve some of the world's most challenging social and environmental problems such as poverty, oppression, inequity,

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climate change, and resource preservation. These problems are deep-rooted and complex, otherwise they would have been solved long ago. They can be sprawling and entirely overwhelming. Narrowing down your focus from a general problem to a specific, approachable one allows you to direct your energy in the more targeted fashion that will allow you to gain traction.

Key Question: How can I narrow my problem down? Are there ways I can make the problem more specific?

2. Leverage Cultural Shifts

Once you've identified a specific problem, you must step back to take a good hard look beyond the problem to the culture at large.

Shifts in culture, such as changes in the technology or in the increasing demand among consumers for better corporate behavior, can pose either a crisis or an opportunity for an organization. Failing to spot these trends may weaken established companies, while capitalizing on them can be powerful fuel in the making of a successful and impactful organization.

Key Question: What are the key cultural shifts relating to my problem? How can I leverage those shifts to my advantage?

3. Build on Talent

The last fundamental step in identifying your Purpose Point is to analyze how your unique mix of talents can be applied to solving the problem. In doing this you should:

- Consider your domain expertise, meaning your knowledge in a particular set of skills, such as design, marketing, computer programming, farming, or engineering.
- Next consider your sector expertise, meaning your understanding of the larger context of the problem you've honed in on, such as food, water, health care, or education.
- Finally, consider your personality and the type of work you generally gravitate toward. Ask yourself, are you an introvert

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or an extrovert? Do you most enjoy managing people or are you more of a tinkerer who enjoys building the mousetrap but doesn't like leading a team? Different types of problems will require different types of organization and different skills in creating and building the organization.

Honestly evaluating your talents and skill set in this way will allow you to identify the jobs you will be able to tackle yourself and those for which you should solicit the input or collaboration of others with expertise. No matter how much talent an entrepreneur possesses, he or she will never be talented enough to create a successful organization all alone. There's a strong myth in our culture of the lone innovative entrepreneur, but the truth is that no successful organization has been built by one sole person.

Building an effective social enterprise requires a multidisciplinary team that will provide competence in key areas and be able to challenge and refine thinking and decision making.

Key Question: What unique talents do I possess that will help solve my problem? Where are my weaknesses? How can I build a multidisciplinary team?

