



Stanford eCorner

Can Products Save the World?

Jeff Church, *Nika Water*

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Entrepreneur Jeff Church discusses whether social enterprises can sell products to affect change in the world. As the co-founder of social enterprise Nika Water, Church believes social entrepreneurs can only have lasting success if they start their enterprises as "nine parts business, one part cause."



Transcript

Can these products actually help save the world? Can something as basic as a bottle of Newman's Own salad dressing actually bring joy to a child with a life-threatening disease? Can a bottle of water sold here in the United States actually help bring clean water to someone in that developing world? Can a pair of TOM shoes purchased at Nordstroms actually put shoes on someone else's feet in South America? And can something as basic as a ream of office paper, not much more basic than that, right? Can that actually provide a meal for a family of five for a week? And the answer is, yes, they can. And they're doing it through a really interesting model called social entrepreneurship. And I want to talk a little bit about what this model is. There is tremendous overlap between commercial entrepreneurship and social entrepreneurship. They're very difficult to pull apart. I do feel like that you can pull on a little bit apart by the mission of the business. Is the mission of the business to really fulfill our societal challenge or societal solution or is the mission of the business to create value and economic return and that kind of stuff for shareholders? And just as I say that, there was a bunch of counters that I would say against it. But they're very similar in terms of the implementation of them and I feel like oftentimes social entrepreneurs screw up because they look at their business as nine parts cause, one part business. When in fact in the beginning, it's got to be nine parts business, one part cause. Because if the business doesn't stay around long enough, because it can't make it, we can't do anything about the cause, so in the early days of a social entrepreneurship or social enterprise, there - it's all about making the business successful, so that you can deliver whatever kind of give back model you've got.

But on the left we've got the traditional for-profit businesses and they give back tremendous amounts. I'm a large significant free market pro-capitalism believer, and I believe these businesses give back tremendous amounts of money. But in the end, ideally, I mean, in the end legally they're really focused on creating economic return for their shareholders. And they can't be entirely focused on this other model. On the right side, you've got the non-profits and to be honest, they focus most of their time on fundraising. And the other portion of their time, they spend on development. So they don't really have the time to create true businesses and oftentimes the NGOs aren't necessarily the best business people in the world. So in the middle here, in the bottom you've got this hybrid model of social entrepreneurship, social enterprises. And the beauty of this is, they can be anything, they can be for-profit businesses that are donating in our case 100% of its profit, or they can be for-profit businesses that are donating 2% or can be donating a pair of shoes for every pair of shoes they sell. They can be very different models, there is no right or wrong in that, in my mind anyway.

On the other hand, you can have non-profits that actually create sister companies and those sister companies are for-profit entities that maybe were helping lower their admin rate, so they can attract more dollars. And I think it's a really exciting model because of that.