



Experimental Entrepreneurship: Removing the 'Tin Cup Dependencies'

Published : February 08, 2006 in [Knowledge@Wharton](#)

Although it has one of the most dynamic economies in Africa, Botswana also has one of the world's highest known rates of HIV/AIDS infection. In this country of 1.56 million, an estimated 350,000 people are living with the disease. The largest segment of HIV infected citizens are between the ages of 15 and 49.

In response, the Botswana government is developing comprehensive programs to cope with both the disease and the region's shortage of physicians and medical personnel. In conjunction with Harvey Friedman, chief of the Division of Infectious Diseases at the Penn Medical School and director of the Penn Program in Botswana, Botswana's Ministry of Health has authorized a center at Wharton -- the [Sol C. Snider Entrepreneurial Research Center](#) -- to help the country develop a more efficient system to manage HIV/AIDS therapy and monitor HIV patients. One early result of that initiative has been a software monitoring program that, in the long run, could enable nurses to deliver diagnostic and prescriptive services to many more HIV patients than currently possible.



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According to [Ian C. MacMillan](#), director of the Snider Center, and James D. Thompson, associate director of Wharton Entrepreneurial Programs, the Botswana project illustrates a new concept they have developed in a study called "Societal Wealth Creation via Experimental Entrepreneurship." The idea is to promote philanthropy which supports business entrepreneurship under a for-profit model that attacks social problems and creates new societal wealth.

Based on four experimental entrepreneurial philanthropy programs that are already in progress, including the one in Botswana, the Snider Center hopes to attract philanthropists to fund university research that can identify potential business opportunities and set up pilot programs to carry them out. Once this happens, the Center anticipates that local entrepreneurs will join these businesses and increase what MacMillan calls the "social wealth of a society."

"The basic thesis is that many social problems, if looked at through an entrepreneurial lens, create opportunities to launch a business that generates profits by alleviating the initial problem," says MacMillan. "In essence, it is a shift in activity from the public domain (governments and non-governmental organizations) to the private domain (businesses and private individuals). This sets in motion a virtuous cycle: The entrepreneur is incited to generate more profits and by doing so, solves more problems."

"It's not that we don't subscribe to the traditional form of philanthropy and non-profit work," says Thompson who, like MacMillan, is a native of South Africa. "What we are arguing is that this is another dimension of socially oriented work and philanthropy that can have significant impact with relatively low levels of funding support. For people who understand true entrepreneurship, it resonates. They get the business angle" and they understand that profits are accompanied by "doing social good."

The four societal wealth enterprises pursued by the Snider Center are all based in Africa and supported by seed money from the Center. The industries within which they fall are human healthcare, animal nutrition

and human nutrition. "I try to distinguish between social entrepreneurship vs. societal wealth creation," says MacMillan. "We are not talking about hot dog stands in Harlem; rather we are trying to launch high impact programs that help thousands, if not tens of thousands, of people."

While the largest of these enterprises is the HIV/AIDS program based in Botswana, whose ultimate goal is to increase the life span and employment potential of AIDS-infected workers, the Botswana approach can be duplicated in other areas as well. Essentially, Wharton and its vast resources work toward identifying the problem, designing a solution and then recruiting an entrepreneur willing to run the business. "If there was an easy, entrepreneurial solution to a given problem, someone would have found it already," says MacMillan. "What we are doing is taking the problem and mobilizing the talents of great institutions to find a solution. The entrepreneur doesn't have to pay the full fare for that talent."

The HIV/AIDS software was introduced in February 2005 in Gaborone, the capital of Botswana and home to the country's largest private sector anti-retroviral center. Since then, 9,000 patient records have been entered into the data base. The chief physician at the hospital is beginning to identify patients for treatment with the help of two nurses, the first non-physician personnel to use the system. Furthermore, nurses and reception staff enter relevant data as patients come through the clinic, using a server that is accessible for that purpose.

"The reason we started in Africa is that we understand it," said Thompson. "But the intention is to make it a global program. Africa is just the launch pad."

Erosion of Profits

According to the Snider Center study, small- and medium-sized enterprises, which employ nearly 55% of South African workers, have few, if any, HIV/AIDS intervention programs in place, "despite the fact that a quarter of all medium-sized enterprises have reported a tangible erosion of profits due to HIV/AIDS infections." The reasons behind the lack of HIV/AIDS programs in the business community include lack of "information and access to services; a low willingness to pay; a reaction to the stigma; [the absence of] pressure to act from stakeholders; unfit delivery models, and limited capacity."

The software intervention model developed at the Center "plans to overcome these obstacles by enabling [small- and medium-sized enterprises] to participate in a network of subscribing firms that send their workers to a network of clinics, with an entrepreneurial database manager acting as the informational hub between multiple firms and clinics," according to the study, which goes on to note that the entrepreneurial HIV/AIDS software provider will make money by selling the software and support services to the "rest of Africa and then the rest of the developing world."

How will the program's success be measured? "You will see in the not-for-profit world an attempt to come to some standardized form of measuring," said Thompson. "But every program we do is unique. On the AIDS project, how many people can we get into treatment programs who need it? How much longer can we keep them vital and contributing to the economy and the well-being of their families? What is the reduction in economic costs to that company, by having an employee able to work for another seven to 10 years? Just the fact that clinicians can have access to real-time data and are able to use it to understand the conditions of patients will have an impact on certain therapies. We are designing a study we hope will demonstrate that the program, as a whole, will increase the quality of care."

Using this and other examples, MacMillan and Thompson argue that entrepreneurship creates societal wealth, not just through job creation, but by creating a number of other intangibles as well -- productivity enhancement; national competitiveness; improved quality of life; enhanced national education, training for new technologies that dramatically improve the quality of the workforce; enhanced efficiency of government services, and personal wealth creation leading to philanthropy.

MacMillan teaches a course at Wharton on societal wealth generation. "A lot of times, courses in social entrepreneurship get tagged with non-profits," says Emily Gohn Cieri, managing director of Wharton Entrepreneurial Programs. But this doesn't have to be the case. "We are looking at building for-profit businesses that will or can alleviate some of the societal problems around the world. The more the business grows, the more the problem is alleviated, the more the issues are solved."

The concept also appeals to successful business people and families, says Todd Millay, executive director of the Wharton Global Family Alliance, a joint venture between Wharton and CCC Alliance, a consortium of successful families and individuals who collaborate regularly on wealth management and family office matters. "It's a powerful idea. Once [philanthropists] see this concept and see that it is Wharton, that's an extremely powerful connection for an audience that is first and foremost successful business people. They evaluate things in the context of a for-profit business. It is a harder sell to get them interested in straight-out philanthropy. It's easier to say, 'We are launching a business that will do a lot of good *and* make money.'"

Admittedly, by working to develop societal wealth enterprises in developing areas like Africa, MacMillan and Thompson hope to sidestep two major obstacles that often plague business development around social problems -- low profitability and lack of seed funding.

"If philanthropists endow the seed funding for societal wealth enterprises, in many economies, particularly developing ones, it should be possible to attract local entrepreneurs who are quite happy to live with the smaller profit streams eschewed by their counterparts in wealthier economies," notes MacMillan. "A powerful appeal to philanthropists is that their contributions have a chance to remove problems ... and the associated recurrent 'annual tin cup' dependencies. Perhaps the idea behind the proverb -- give a man a fish and he soon goes hungry, teach him to fish and he eats forever -- represents a viable option in today's world."

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