

THE WALL STREET JOURNAL. My Journal

- Create & manage collections of news
- Track companies and subjects of interest
- Share with groups and individuals

Start using My Journal →

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit www.djreprints.com

[See a sample reprint in PDF format.](#)

[Order a reprint of this article now](#)

THE WALL STREET JOURNAL.

WSJ.com

EXECUTIVE EDUCATION | OCTOBER 15, 2009

M.B.A.s Seek Social Change

Enterprises With a Cause Gain Ground on Campus

By [DIANA MIDDLETON](#)

During his M.B.A. studies at University of California at Berkeley, Jeff Denby told everyone his ultimate career goal: to start an underwear company.

Soon, professors and classmates at the Haas School of Business began to call him "the underwear guy."

But Mr. Denby—who had formerly worked in industrial design and went to business school interested in supply-chain management—decided early in his program that he wanted to create a company that was about more than just boxers or briefs. In his view, it was critical to create a product that was environmentally friendly and sustainable—and whose sales could help support good causes.

This type of social entrepreneurship – that is, building a for-profit company with a social conscious or linked with a social cause – is becoming increasingly attractive to would-be business founders. The idea is to make money while either directly impacting consumers with its services or funneling a portion of profits to charities. Often, these companies employ people or source resources from economically depressed areas of the world that then also benefit from the charitable donations from the profits.

And with an increased interest in socially-responsible money-making, business schools have been pushed to create a whole host of courses and study tracks to help M.B.A. students sort out the best way to pull it off. Schools like University of Oxford, Cornell University and Dartmouth College have all seen increased demand for instruction in social entrepreneurship.

Some administrators say it's a generational progression of business-school students who have grown up more socially aware. Others say a lack of traditional jobs has spurred an interest in entrepreneurial ventures—and the focus on societal impact is partly a matter of trying to escape the

stigma of the "greedy M.B.A."

"I think the interest in entrepreneurial ventures with social value [is about] more than the fact that people can't get jobs as easily," says Colin Mayer, dean of Oxford's Saïd Business School in the U.K. "There's also a sort of underlying sense of guilt about what happened during the crisis."

For his part, Mr. Denby, who graduated in May 2008, has long wanted to use his business skills for good. Before Mr. Denby co-launched PACT Organic Underwear as an online-only company in August, he researched all aspects of manufacturing and distribution to make sure his products would be legitimately sustainable, from the labor he employed to the inks used in the garment dye. Then he decided to pair each intricate pattern used on the underwear with a themed charity. For example, 10% of the proceeds from one blue pattern inspired by a Japanese woodcut, go to a marine conservation group.

Mr. Denby says his entrepreneurial spirit was fostered by Berkeley's curriculum. In one social entrepreneurship-focused course, guest speakers would make weekly appearances to discuss their for-profit business models. Mr. Denby also enrolled in a start-up workshop where he thought carefully about what charities to target, he says.

At Oxford's Saïd Business School, students use the Skoll Centre for Social Entrepreneurship to insert these concepts into their business plans. Recent projects include building water purifying systems in Africa and developing Internet banking systems in regions without significant technology infrastructure. Oxford has offered electives in social entrepreneurship through the center for years, but recently expanded its options.

The school also provides a venture fund that students can tap to fund worthy projects. In those cases, the school has a stake in the company—and its success—says Mr. Mayer, adding that the increased focus among students stems from the dearth of traditional jobs in finance and accounting, as well as the malaise surrounding the economic collapse.

"There is a real sense that doing good business can promote real change in economically depressed regions," Mr. Mayer says.

What's more, a for-profit enterprise with a socially responsible backbone is more attractive to nervous investors during economic turbulence than traditional business plans, argues Gregg Fairbrothers, director of Dartmouth College's Entrepreneurial Network at the Tuck School of Business.

"Financing is tough for start-ups," says Mr. Fairbrothers. "For investors to take a risk with you, it helps to have tangible social good coming from it, not just the promise of a fat IPO that will make everyone rich."

Mac Dougherty, a June 2009 Dartmouth grad, is doing just that. He joined forces with two computer science and neuroscience professors to market the services provided by a microprocessor that powers computer servers. The technology uses significantly less energy than its competitors. Not only would the technology be greener, he says, but it could also be useful for developing countries where energy shortages are the norm.

Mr. Dougherty credits Dartmouth with providing ample resources to pursue social entrepreneurship. He honed in on the concept during his first-year project course, and later plumbed the resources at the Dartmouth Entrepreneurial Network and landed a fellowship with the Allwin Initiative for Corporate Citizenship, an on-campus center that aims to instill ethics and a social conscious into the students.

Currently still in its planning phase, the technology company, called Cognitive Electronics, will eventually be marketed to government firms and defense agencies. Currently, they are conducting research for the Navy, which is partially funding the operation. The technology uses only 1% of the energy that current comparable products utilize – but performs as well. But that won't be its only impact. Mr. Dougherty also wants to take the company and its products to Sub-Saharan Africa where cellphone technology exists, but energy deficiencies mean it's not being fully-utilized.

"We could get all this technology into the hands of people, and unlock a lot of potential," says Mr. Dougherty.

Business-school administrators say these types of start-ups can do more than just help alumni launch sustainable businesses, they can also help rebuild credibility of businesspeople on a larger scale, says Joe Thomas, dean of Cornell's Johnson School, home of a Center for Sustainable Enterprise. Last year, Cornell began offering a four-credit course that focuses on the best practices for social change for its M.B.As.

"A few years ago, students came to business school thinking they would get rich right away," Dartmouth's Mr. Fairbrothers says. "But now, I think students are trying to focus on doing reasonably well while doing some good."

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com