

Toward a Typology of New Venture Creators: Similarities and Contrasts Between Business and Social Entrepreneurs

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T*his article advances a conceptual typology delineating the differences and similarities between business- and social-sector new venture creators. Our classification scheme differentiates business and social entrepreneurs, considering characteristics of social entrepreneurs in a larger entrepreneurial context. Within a conceptual 2x2 typology based on two dimensions: drive (passion vs. business) and desired return (financial ROI vs. social ROI), we identify and classify 80 examples of new venture creators into one of the quadrants of an enterprise model of entrepreneurs. Preliminary results reveal similarities between social and traditional entrepreneurs and differentiate social entrepreneurs in terms of traits, goals, tendencies, and motivational sources.*

Traits, intentions, tendencies, and behaviors of entrepreneurs have been a frequent topic of research in recent years with a general focus on establishing typologies that examine similarities and differences among individuals who start new ventures (Baum and Locke 2004; McCarthy 2003; Miner 2000; Woo, Cooper, and Dunkelberg 1991). Attempts to classify entrepreneurs by these criteria have been useful in both practical and academic approaches to the understanding of new venture creation because they offer clues regarding the potential for a successful new venture based on founder characteristics. In addition, they provide frameworks in which to study new business ventures and the people who recognize opportunities, which in turn provide the rationale for shifts of resources that result in the creative destruction of existing enterprises (Schumpeter 1950) and long-term economic growth.

Less attention has been devoted to the development of typologies based on the characteristics, traits, intentions, and goals of social entrepreneurs, a fast-growing group of global innovators who create and sustain social value with new enterprises or new approaches to address societal problems (Dees, Emerson, and Economy 2001). Such a typology would provide a means to evaluate new ventures in what has been alternatively termed the independent sector (Cornuelle 1965), the citizen sector (Bornstein 2004) or the nongovernment organizations (NGO) arena, and to help better understand individuals who tackle challenges that appear beyond the reach of both public (government) and for-profit interests. The lack of research contrasting characteristics of social

entrepreneurs *vis-à-vis* traditional entrepreneurs is unfortunate in that social entrepreneurs have become increasingly responsible for societal transformation, yet their role in such change is poorly understood and underappreciated (Bornstein 2004).

A growing research interest in social entrepreneurship has resulted in several inquiries into who these people are and what they do (e.g., Dees, Emerson, and Economy 2001; Bornstein 2004; Linnanen 2002; Seelos and Mair 2005). This article builds on that work and on previous research into entrepreneurial typologies in the private sector to consider characteristics of the social entrepreneur within a larger entrepreneurial context systematically. We are careful to clarify that social entrepreneurship and corporate social responsibility, the expression of social concern by traditional entrepreneurs through such tactics as economic/social double-bottom line, are two different and distinct categories of research. The goal of our research is to identify similarities between the social entrepreneur and the traditional entrepreneur as well as differentiate the social entrepreneur in terms of traits, goals, tendencies, and sources of motivation.

Social Entrepreneurship

DreamYard, an organization that brings arts education into public school classrooms in New York City, started as a writing and theater workshop in the early 1990s. Founders Tim Lord and Jason Duchin believe the key to DreamYard's growth during the last 11 years has been their ability to establish relationships with school principals who have seen the program work in other schools or have heard about it through colleagues. A yearly arts festival at which school artwork is displayed to the community has also helped build DreamYard into an arts education program with a current budget of \$900,000 that includes 35 artists working with 8,500 students in 40 schools (Echoing Green 2005; DreamYard, 2005).

John Sage, a former LSU football all-American and broker at Merrill Lynch, began Bridges to Life in 1999. The organization is a faith-based, religiously inspired, volunteer program that seeks to "change the hearts" of convicted criminals who are soon to be released. The goal is to persuade inmates not to commit new crimes once they return to society by meeting and talking with them. Sage was inspired to start the program to deal with his own depression after his sister was

murdered by a woman who was trying to steal her car (Manhattan Institute 2004).

These two organizations, with their very different activities and goals, illustrate the concept of social entrepreneurship in action. However, theory development for identifying and classifying social entrepreneurs has been slow to appear. "People understand this field by anecdote rather than theory," says Bill Drayton, founder of Ashoka, an organization that funds social enterprises all over the world. "A fellow we elect becomes a walking anecdote of what we mean by a social entrepreneur" (quoted in Bornstein 2004, p. 117).

Social entrepreneurship and social entrepreneurs have been defined in many ways: construction, evaluation, and pursuit of opportunities for social change (Roberts and Woods 2005); change agents in the social sector who look for new ways to serve clients and are willing to take risks to do so (Dees, Emerson, and Economy 2001); good stewardship practiced by people who try new things, serve people in new ways, set up organizations that practice lifelong learning, and seek excellent performance (Brinckerhoff 2000); transformative forces who use new ideas to address major problems and relentlessly pursue their visions (Bornstein 2004); those who recognize when part of society is stuck and provide new ways to get it unstuck by changing the system, spreading the solution and persuading entire societies to take new leaps (Ashoka 2005); and creators of new models "for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions" (Seelos and Mair 2005, pp. 243-244).

Drawing on this literature, we define the social entrepreneur as an individual who addresses a serious societal problem with innovative ideas and approaches that have not been tried successfully by private, public, or nonprofit sector entities. We differentiate social entrepreneurs from traditional nonprofits, nongovernmental organizations, and philanthropists (1) by the innovative means that social entrepreneurs develop in solving problems and (2) by social entrepreneurs' realization that, to varying degrees, they cannot accomplish their goals without money; they are risk takers who balance social activism with some degree of business savvy.

We also differentiate social entrepreneurs from private sector entrepreneurs. Despite the fact that many social entrepreneurs are interested in effectively managing their ventures in a business-like manner, the biggest contrast between social entrepreneurs and private sector entrepreneurs is the nature of the immediate return each tends to seek. Private-sector entrepreneurs are said to be market-driven whereas social entrepreneurs are driven primarily by organizational mission (Dees, Emerson, and Economy 2001).

Traditional entrepreneurs seek to capitalize on entrepreneurial opportunities, situations where "new goods, services,

raw materials, markets and organizing methods can be introduced through the formation of new means, ends, or means-ends relationships" (Eckhardt and Shane 2003, p. 336). In taking advantage of such opportunities, enterprising individuals create value that spurs economic growth and provides a sought-after return on investment (ROI) that has been made in the new venture. ROI is generally expressed in financial terms as a percentage return on the monetary investment in a venture, but the return realized by the entrepreneur can be intrinsic in the sense that a new venture provides continuous renewal that leads to new entrepreneurial opportunities (Timmons and Spinelli 2004) and benefits society over the long term.

On the other hand, social entrepreneurs' goals specifically focus on improving society, and any profits generated by their enterprises benefit disadvantaged people (Hibbert, Hogg, and Quinn 2005). Achievement of their goals can be measured by gauging the social return on investment (SROI), which is calculated in monetary terms that express the value of the enterprise to society. Dollars invested in social action create economic and social returns over time in terms of public cost savings that result from reduced use of government benefits and services paid to target individuals as well as new tax revenues generated by individuals working in the social enterprise who would otherwise be unemployed or underemployed (Vega 2002; REDF 2005). Types of gains such as these are weighed against money spent on programs created by social entrepreneurs and can be evaluated by SROI metrics to quantify the value of the endeavor to societal welfare.

Both the traditional and the social entrepreneur seek outcomes that can be quantified and measured. ROI and SROI contrast sharply with the metrics available to public sector entrepreneurs: innovators and change agents who use the power of elected or appointed office "to try to redirect local politics and policies" (Schneider, Teske, and Mintrom 1995, p. 185). Examples of public entrepreneurs include city managers who address difficult community problems, as well as mayors who limit condo and commercial development with antigrowth policies or, under different circumstances, encourage balanced growth and moderate scale commercial development. Public sector entrepreneurs generally realize an opportunity that emerges due to community and voter dissatisfaction with the status quo. The results achieved by public entrepreneurs can be compared with those of social entrepreneurs by measuring SROI in different categories. The actions of public entrepreneurs might result in higher tax revenues, fewer publicly supported community members, lower crime rates, and higher education test scores, all of which can be quantified in terms of dollars and are more immediate, whereas social entrepreneurs would seek longer lasting social change, such as developing jobs, providing job

training and placement, improving living conditions, and similar measures. The difference can be described as “giving a man a fish” versus “teaching a man to fish.”

We next describe existing typologies and taxonomies of entrepreneurs, the limited research into types of social entrepreneurs, as well as goal-driven and motivation-driven typologies of entrepreneurs. This research is then employed to develop and initially test a model that relates traditional entrepreneurs to practitioners of social entrepreneurship. The resulting typology is designed to shed new light on the similarities and differences between different types of entrepreneurs and to highlight the social entrepreneur phenomenon, thus providing a framework for future research. Our theoretical focus here is on the entrepreneurial individual, rather than delineating a more general model contrasting commercial and social entrepreneurship (cf., Austin, Stevenson and Wei-Skillern 2006).

General Entrepreneurial Typologies

Following the philosophy of Miner (2000), we treat typologies as theoretical constructs to be tested initially through qualitative analysis of existing passive data. In this section, we describe general, broad-based entrepreneurial typologies grounded in the personality traits and characteristics of traditional entrepreneurs. This overview will lead to consideration of the limited typologies applicable to nontraditional (i.e., social) entrepreneurs, and to contextual typologies, focused on goals and motivations as observed in the *activities* of traditional entrepreneurs.

Less than 30 years ago, there were “no theories in the entrepreneurship field. . . . Lastly, there have been no significant models in entrepreneurship upon which to base a theory of entrepreneurship” (Wortman 1987, p 264). Wortman (1987) called for more research using the outcome measure of venture growth, and cessation of studies of entrepreneurial characteristics until more sophisticated research designs and adequate theoretical frameworks were developed. This call, among others (Ireland and Van Auken 1987; Woo, Cooper, and Dunkelberg 1991), resulted in a long series of studies on firm development, treating the entrepreneur as superfluous to the firm itself (Saravathy 2004). This is not surprising, if studies are grounded in economics rather than in psychology or management, but theories of the firm overlook the prime force, the essence of the *creator* of the firm. This prime mover always has a story to tell, a story based on motivation, individuality, opportunity, and passion.

Examination of entrepreneurial characteristics, popular in the early years of entrepreneurship research (1960–1990), fell into disfavor when only minimal correlations of personality with entrepreneurial success were found (Aldrich and Wiedenmeyer 1993). However, despite these early weak results, the appeal of research into entrepreneurial traits as

potential predictors of success returned after the development of an analytical model using multiple interactions of several variables (Baum and Locke 2004), which resolved the tendency of older models to provide typologies that were neither replicable in studying disparate groups, nor attributable to diverse entrepreneurial populations (Woo, Cooper, and Dunkelberg 1991).

According to Woo and her colleagues, the classification of entrepreneurs into two gross categories—craftsmen and opportunists—was engaging because it suggested a complete set of characteristics rather than one unique trait to identify and predict behavior. These two gross categories, although supported overall by later research, have not supplanted the idiosyncratic approaches or categories of individual studies because “none of the studies on entrepreneurial typologies has employed the same set of criteria” (Woo, Cooper, and Dunkelberg 1991, pp. 97–98). Woo and her colleagues used a set of three variables—goals, background, and managerial style—in their research, which did “not cluster as tightly or as consistently” (p. 107) as they had expected. As a result, they recommended that future research offer a strong theoretical framework for the selection (and omission) of specific characteristics and particular consideration of earlier typologies to determine if they could be reused with a different population. In addition, they recommended that researchers provide explanations for those entrepreneurs who do not fit into whatever typology is being built.

Bearing these cautions in mind, we considered Baum and Locke’s new model, which used individual variables to describe unique interactions and relationships between personality traits, and included a new variable called “new resource skill” (“the ability to acquire and systematize the operating resources needed to start and grow an organization” [Baum and Locke 2004, p. 587]). This variable is very helpful when looking at the success of social entrepreneurs, specifically because venture growth is the outcome measure of Baum and Locke’s study, and, along with SROI, is one of the few concrete success outcomes of social ventures available.

The other two variables considered by Baum and Locke were “passion” and “tenacity,” both of which seem intuitively supported in the entrepreneurship literature (Baum and Locke 2004). Passion is defined as a genuine love of the work, and tenacity as perseverance in the face of obstacles. These three variables were mediated by a fourth subvariable, the ability to communicate a vision. This skill was shown to be directly related to venture growth: “. . . communicated vision was shown to be independently and quantitatively related to performance in a field setting over a multi-year period” (Baum and Locke 2004, p. 595).

Passion, tenacity, communicated vision, and new resource skill are traits that appear frequently in the literature (Kets de Vries 1996; Liang and Dunn 2004), but have not played a sig-

nificant role in previous outcome analysis. These four characteristics and their interrelationships signal a significant change in the way we perceive the entrepreneurial phenomenon. Instead of looking for the high risk, innovation focused, overly controlling individual, we are looking at people who, “by conveying a sense of purpose, they convince others that they are where the action is. Whatever it is—seductiveness, gamesmanship, or charisma—entrepreneurs somehow know how to lead an organization and give it momentum” (Kets de Vries 1996, p. 25).

This ability to convince others is easily tracked ethnographically, through stories, myths, cases, and textual analysis (McCarthy 2003; O’Connor 2002). According to O’Connor, entrepreneurs can be categorized in a typology consisting of Personal Stories (Founding Stories and Vision Stories), Generic Stories (Marketing Stories and Strategy Stories), and Situational Stories (Historical Stories and Conventional Stories). These stories map well on the four entrepreneurial characteristics mentioned above, as follows: Autobiographical Stories and Vision Stories describe “passion”; Marketing Stories describe “communicated vision”; Strategy Stories describe “new resource skills”; and Historical Stories and Conventional Stories describe “tenacity.” These stories are embedded in a larger story that forms the context of the business/new venture development. The larger story can be termed the “business environment,” and will lead to a description of the firm development or outcome analysis.

Moving from a narrative description of entrepreneurial behavior to a more traditional, psychological typology of business founders, we can refer to Miner’s (2000) clinical work, which led to a theoretical framework describing four different types of business founders: the Personal Achiever, the Real Manager, the Expert Idea Generator, and the Empathetic Supersalesperson. Each of these types reflects varying levels of a specific subset of characteristics, not all of which must be present to identify a founder within a category. This psychological typology incorporates elements from earlier trait studies with the more global typology later proposed by Baum and Locke.

The Personal Achiever, characterized by motivation for self-achievement, type A personality, desire for feedback on achievements, desire to plan and set goals for future achievements, strong personal commitment to their ventures, desire to obtain information and learn, and internal locus of control, exhibits all four of Baum and Locke’s traits (passion, tenacity, communicated vision, and new resource skill). The Real Manager exhibits positive attitudes toward authority, desire to compete with others, desire to assert oneself, desire to exercise power, directive cognitive style, desire to stand out from the crowd, and desire to perform managerial tasks, which describes tenacity and new resource skill. The Expert Idea Generator demonstrates desire to personally innovate,

conceptual cognitive style, high intelligence, and desire to avoid taking risks, which comports with passion and tenacity. The Empathetic Expert displays understanding in cognitive style and shows a desire to help people, reflecting passion and communicated vision.

Miner’s work indicates a weak association of characteristics with entrepreneurial propensity in the two categories of Expert Idea Generator and Empathetic Expert, leading us to consider the effects that may be occurring but not reflected in these two categories. In fact, these are the categories where we would place social entrepreneurs who, we hypothesize, have quite different characteristic behavior from the traditional entrepreneurs who are the subjects of the preceding studies.

Typologies of Social Entrepreneurs

Social entrepreneurs are sometimes described as “green” or environmental entrepreneurs (Linnanen 2002) who focus on “sustainable business strategies and organizations” (Seelos and Mair 2005, p. 241). The movement to sustainability appears on a grand scale in the efforts of the United Nations and the World Commission on Environment and Development to focus the corporate world on the plight of the less fortunate and to link quantifiable business goals with social goals of human rights, health, education, and protection of the environment (United Nations 2005). The eradication of poverty by 2015 is the overarching mission. But social entrepreneurship validates the “think global act local” philosophy, as most social ventures remain small and local (Seelos and Mair 2005). The mission may be large, but the implementation is manageable.

On a less global scale, social entrepreneurship has been defined in terms of “corporations that provide resources and guidance to [these sorts of] organizations as Timberland and Compaq do with City Year and as UPS does with Second Harvest” (Margolis 2001). These entrepreneurs, focused on the social side of business, concentrate on funding the efforts of other organizations to address critical social problems as ancillary to the “real” goals of their business, which is to make profit, whereas other organizations are developed purely for the purpose of raising funds to support or endow groups that provide direct service to populations in need. In this way, philanthropists (as distinct from social entrepreneurs themselves) use their business skills for mission-driven ends (Bornstein 2004).

Who undertakes missions such as these? Apparently, quite a lot of people do. The use of nonprofit companies as “enabling structures for social value creation . . . can access capital that business entrepreneurs usually cannot” (Seelos and Mair 2005, p. 242). Whether focused on the direct service side of social problems or more so on the funding side of them, social entrepreneurs “reflect a determination to change

the whole of society” (Seelos and Mair 2005, p. 244). Although very little empirical data is available, and we have been able to locate only one established typology of social entrepreneurs, some specific traits and characteristics have been ascribed to them. Seelos and Mair (2005) suggest that social entrepreneurs are “social heroes with entrepreneurial talent” (p. 244) and “very good at starting new initiatives, but not necessarily at managing organizations or projects” (p. 245).

Linnanen (2002, p. 77) echoes these statements, claiming about ecopreneurs: “Their reason for running an enterprise is not solely to make money but involves also a willingness to make the world a better place in which to live. This personal commitment also increases their marketing credibility and trustworthiness as business partners.” Linnanen speaks about their high ethical profile, their drive, and their insistence on concern for the environment.

His typology is based on two considerations: the desire to change the world and the desire to make money and grow. The resulting matrix shows four ecopreneurial types: the Successful Idealist (high in desire to make money and high in desire to change the world); the Opportunist (high in desire to make money and low in desire to change the world); the Self-Employer (low in desire to change the world and low in desire to make money); and the Non-Profit Business (low in desire to make money and high in desire to change the world). These four types can be matched to the previously described traditional entrepreneurial types, as well as to the typology that we propose, particularly after considering the goals and motivations of various entrepreneurial types.

Contextual Typologies

It makes sense to begin consideration of entrepreneurial motivations and goals with the seminal concepts introduced by the grandfather of entrepreneurial study, Joseph Schumpeter. Bearing in mind that Schumpeter’s theories were grounded in economic theory, his analysis of the entrepreneurial personality nonetheless rings true, especially in the three typologies identified in *The Theory of Economic Development, 1934* (Goss 2005). The first two typologies clearly define the traditional entrepreneur, whose behavior includes “introducing a new good; introducing a new method of production; opening a new market; conquering a new source of raw materials; and reorganizing an industry in a new way . . .” and whose motivation includes “the desire to found a private kingdom or dynasty; the will to win, to fight, and to conquer; and the joy and satisfaction that comes from creating and problem solving” (Goss 2005, p. 206).

These behaviors and motivations do not resonate as much for the social entrepreneur, however. The social entrepreneur fits more comfortably within the third typology offered by Schumpeter, the one that inhibits rather than supports entrepreneurial action: that is, the desire to avoid innovation

because of the difficulties inherent in planning it, the desire to avoid change and deviation, and “the fear of social sanctioning: the condemnation and disapproval that is heaped upon iconoclasts and deviants” (Goss 2005, p. 206). They might be called “reluctant” entrepreneurs, members of a deviant subgroup. Social entrepreneurs seem, in fact, to thrive on the very deviance they exhibit by their creative, often socially difficult paths of behavior. This is confirmed by theorists in sociology, who claim that “belonging” or group membership provides an important key to “emotional energy,” that feeling of strength, commitment, and social inclusion that allows people to persevere through difficult conditions and in challenging environments (R. Collins in Goss 2005). We have seen evidence of this tendency among our social entrepreneurs, who tend to band together for mutual support in organizations, associations, and online listservs. Social entrepreneurs take great pride in their activities, especially when they can point to being the first, the only, the biggest, the smallest, etc. in their chosen area (see examples below).

The idea of “belonging” or of “community” appears in discussions of entrepreneurship in fields other than business and sociology. In particular, deLeon (1996), writing in the area of political policy analysis, presents a typology of public entrepreneurs that corresponds well to other existing typologies, and also focuses on the nature of entrepreneurial motivation in the public sphere. The four varieties of entrepreneurs in the deLeon model include: Hierarchy, Competitive Pluralism, Community, and Anarchy. These four fit comfortably within the quadrants identified in the models discussed above.

DeLeon suggests, like Drucker (1985), that entrepreneurship *requires* innovation. She refers to public entrepreneurs as “Robin Hoods of the bureaucracy” (p. 497), clearly outcasts and single-minded iconoclasts. She claims that the characteristics of egotism, selfishness, waywardness, domination, and opportunism are functional prerequisites for the entrepreneurial role. This is likely true for the social entrepreneur as well as the public entrepreneur, particularly in terms of waywardness, domination, and opportunism. These motivations suggest a confident rejection of societal norms and are a driving force behind social entrepreneurs since “an individual who decides to become an entrepreneur is in a sense, going against the norms of society” (Teal and Carroll 1999, p. 229).

This entrepreneurial tendency to violate societal norms is one with which the social entrepreneurs, who are motivated by social concerns that have been created by the actions of the society in which they live, are very comfortable. In effect, they are seeking to combat the externalities of traditional entrepreneurial activities, which may include “financial loss, unemployment, loss of income security, the breaking up of existing organizations, and environmental degradation” (Hannafey 2003, p. 102). Their motivations seem to replicate

those of the “imitating entrepreneur” rather than those of the “initiating entrepreneur” (Baumol 1986 in Hannafey 2003, p. 101). The initiating entrepreneur introduces new products, methods, or procedures; the imitating entrepreneur uses such innovations to improve economic life.

In another typology reflected in Hannafey’s work (2003), Collins and Moore (1970, in Hannafey 2003) proposed that entrepreneurs maintain their relationships in transactional mode; that is, relationships are limited to utilitarian purposes and last only as long as they can be useful. We suggest that many social entrepreneurs maintain their relationships in transformational mode; that is, they are enduring, growth-oriented, and other-directed. This approach was also taken, in a modified format, by McCarthy (2003) in a study of Irish entrepreneurs. She determined there were two types of entrepreneurs: the charismatic and the pragmatic. The charismatic entrepreneur is characterized by the “stereotypical view of entrepreneurs . . . visionaries, risk-takers, highly persuasive, passionate, with ambitious and idealistic goals. The pragmatists did not fit the stereotypical mold and were more cautious, more rational and seemed to adopt a more calculating and instrumental approach to the business” (p. 158). The charismatic entrepreneur seems to comport with the Incubating Entrepreneur (see below), while the pragmatic entrepreneur corresponds to the Enterprising Entrepreneur.

Shook, Priem, and McGee (2003) present an inclusive review of entrepreneurs and their methods of venture creation. They conclude that entrepreneurs’ “causal beliefs [are] key to furthering our understanding of venture creation” (p. 395), based on their research findings that indicate the paucity of empirical data that connect the individual’s characteristics with the acquisition of resources. In the next section we address major issues regarding that connection.

An Enterprise Typology of Entrepreneurs

As our goal is to relate characteristics of traditional entrepreneurs to social entrepreneurs within an enterprise model of entrepreneurs, we consider several common threads that run through the literature on entrepreneurship, individual as well as social. Descriptions of charismatic, craftsman, initiating,

and transformational entrepreneurs are consistent with the word “Passion” as an effective means to describe entrepreneurs who have these types of characteristics. Pragmatic, opportunist, imitating, and transactional reflect the term “Business” as a means to reflect the characteristics of this type of entrepreneur. Applying these thoughts to an earlier typology of social entrepreneurs (Linnanen 2002), Passion tends to suggest the entrepreneur who predominantly wants to change the world whereas Business indicates the entrepreneur who focuses on making money and growing the enterprise. Many proponents of social as well as traditional entrepreneurship might argue that to achieve the first goal successfully one must pursue the second with vigor.

Based on the preceding literature review, we advance a model of entrepreneurship that combines private sector, profit-seeking entrepreneurs and social sector, cause-fulfilling entrepreneurs. Our literature review indicates that private and social sector entrepreneurs are driven predominantly either by passion for a cause (or product or service) or by desire to establish and grow a viable sustainable business (or social enterprise). On a second dimension, the difference between private and social sector entrepreneurs is in the returns that are sought. As noted earlier, private sector entrepreneurs pursue return on investment (ROI) and social sector entrepreneurs seek a social return on investment (SROI). The social enterprise typology we now discuss is illustrated in Table 1.

ROI with Passion: The Incubating Entrepreneur

In 1984, Roxanne Quimby was supporting her two children by selling clothing and crafts at local flea markets near her Maine home when she met a beekeeper named Burt Shavitz. Their romance led to the start of a business, which first involved Quimby’s investigating new product uses for Burt’s discarded beeswax. Her efforts eventually evolved into a hive of environmentally friendly personal care products. Roxanne and Burt started with \$400 of savings and produced their wares in an abandoned one-room schoolhouse. By 1993, Burt’s Bees, Inc. was pulling in more than \$3 million, but the

Table 1. An Enterprise Typology of Entrepreneurs

		<i>Entrepreneurial Drive</i>	
		<i>Passion</i>	<i>Business</i>
<i>Desired Return</i>	<i>ROI</i>	Incubating Entrepreneur	Enterprising Entrepreneur
	<i>SROI</i>	Deeds Social Entrepreneur	Dollars Social Entrepreneur

two founders continued to live modestly in rural Maine (Linden 1993).

Through the 1990s, the business thrived as its products were placed in boutiques, major department stores, and national catalogs. Burt's Bees relocated to North Carolina to meet production and distribution demands, and the business grew to a \$50 million a year concern. In 2003, Quimby sold a controlling stake in Burt's Bees to a buyout investor group, and focused her financial gains on spearheading development of a national park in Maine as she considered a potential career in politics (Adamson 2003).

Roxanne Quimby illustrates the Incubating Entrepreneur. This individual displays high levels of passion for a particular idea or product. The entrepreneur displays a strong interest in obtaining not only a return on the investment in terms of financial capital but in the entrepreneur's psychic investment in the new venture as well. This entrepreneurial type is similar to the Expert Idea Generator (Miner 2000) in that the person is a highly intelligent innovator. The Incubating Entrepreneur is unlikely to start with a business plan and may view the new venture as lifestyle motivated or cause related rather than as a high-growth opportunity. Of course, such a focus does not preclude strong financial success.

Other examples of the Incubating Entrepreneur include Tom and Kate Chappell, Tom's of Maine founders, who stress ethical as well as profitable business leadership; Anita Roddick who dedicated her Body Shop to the pursuit of social and environmental change; and Don Burr, founder of the 1980s' discount airline People Express, and cofounder of new venture Pogo, potentially the world's first air taxi service. At the failed People Express, Burr stressed practices that at the time were unusual in the industry: universal employee stock ownership, employee training across disciplines, and employee input (Martin 2005).

ROI with Business: The Enterprising Entrepreneur

The story of Ray Kroc and the McDonald brothers is well known. By the mid-1950s at age 52, Kroc, a long-time paper cup salesman, had moved on to selling the Multimixer, a six-spindled milk shake machine. He heard stories about a hamburger restaurant in San Bernardino, California, that had bought eight of the machines and decided to investigate. Kroc found a potential gold mine operated by the McDonald brothers, and quickly made a deal with them to start McDonald's restaurant franchises across the country. His first thought was that more such restaurants would sell more milk shake machines, but as he developed the opportunity he saw that fundamental attention to details, quality standards, low cost and rapid growth of locations would lead to a much greater success (Kroc and Anderson 1977).

Ray Kroc was strongly focused on business aspects of the McDonald's venture, balancing the achievement of starting something new with a strong interest in seeing that the venture was run properly and that it grew and made money. Kroc exemplifies the Enterprising Entrepreneur. The Enterprising Entrepreneur has less concern and preoccupation with the invention or the application that formed the need for a new venture and more with the aspect of starting a business and the value that it will create for the entrepreneur, investors and for society. Coupled with establishing the business is a strong desire for financial return on investment, both for the entrepreneur and potential investors. Perhaps more prone to take calculated risks than incubating entrepreneurs such as the McDonald brothers, the Enterprising Entrepreneur is likely to either start with a business plan or see the need to establish one soon after the venture is off the ground.

The Enterprising Entrepreneur is similar to the classic creator of new ventures (i.e., Miner's Personal Achiever). Other examples of Enterprising Entrepreneurs include Fred Smith who took his college term paper idea and turned it into Federal Express and Herb Kelleher who fought regulatory and political barriers to establish Southwest Airlines.

SROI with Passion: The Deeds Social Entrepreneur

John Dixon observed a serious problem in his inner-city Buffalo, New York, neighborhood: many fatherless children hanging out on the streets, kids who lacked discipline or the means to develop any. Too often, such situations led teenagers to crime or other types of destructive behavior. Dixon, a former U.S. Army sergeant, put together a structured mentoring program designed to help the kids develop healthy, productive habits, through participation in military drills, help with homework by retired and suburban teachers, and classes on sexual abstinence and anger management. He anticipated a few people in the neighborhood would be interested in his Junior Uniformed Mentoring Program (JUMP), but within months hundreds of people were attending. John and his wife, Catherine, charged small fees to those who joined the program but did not always collect them. The program was honored in 2001 by the Manhattan Institute as a social entrepreneurship award winner, but John Dixon died not long after, and JUMP suspended its operations (Manhattan Institute 2004).

The Deeds Social Entrepreneur, like John Dixon, is highly passionate about a cause and for that cause to succeed it must provide a greater good for society, becoming a source of social return on investment. The Deeds Entrepreneur is concerned with service, less so with personal profit, and is something of a maverick. The Deeds Entrepreneur is related to Miner's Empathic Extrovert. This person chose social caus-

es because of a strong desire to help others because in part he or she can feel their pain and would like to improve society. In addition, the Deeds Entrepreneur exhibits a healthy helping of the “Cockeyed Optimist Quotient”—a sense of trust and an upbeat, the glass is half-full, we-can-do-it-if-we-all-pull-together, boot-strap philosophy that often creates such a strong belief in the potential for success that the participants are able to make that potential a reality. Other elements of the typical Deeds Entrepreneur include a willingness to self-correct, to share credit, to break free of established structures, to cross disciplinary boundaries and to work quietly in an ethical manner (Bornstein 2004).

Prominent Deeds Entrepreneurs may be more difficult to identify, in part because their passion for what they are doing may lead them to stay small and isolated in a particular area (e.g., the downtown storefront, or innercity neighborhood), and avoid the limelight even when they need to raise money or awareness for the cause. Yet, a number of Deeds Entrepreneurs have risen to prominence, including Joan Ganz Cooney (originator of Sesame Street), James Grant (head of UNICEF from 1980–1995), St. Francis of Assisi (founder of the Franciscan order), and Mother Teresa.

SROI with Business: The Dollars Social Entrepreneur

A prime example of a social entrepreneur who combines social return with business acumen is Bill Drayton, founder of Ashoka: Innovators for the Public. Ashoka operates in 46 countries and has assisted 1,400 social entrepreneurs, supporting them with professional advice, analysis, and \$40 million in funding (Bornstein 2004). When he started the organization in the early 1980s, Drayton likened its approach to a venture capital firm. Although this characterization might not have impressed those with leftist ideologies, his business model—to promote innovators in social change—struck a chord with potential supporters who had business experience (Bornstein 2004, pp. 64–65).

Like Drayton, the Dollars Social Entrepreneur is a strong manager, as opposed to the typical social entrepreneur, so there is robust institutional feeling and the capability of working within organizations and with other organizations. The Dollars Social Entrepreneur seeks first to take a business approach to achieve social outcomes (an SROI focus) and in the process recognizes the need for gathering money to do good works, and attempts to run the social enterprise as a business. The Dollars Social Entrepreneur is perhaps less pre-occupied with passion for an idea and more so on the most effective way to get it done. Miner’s “Real Manager” takes form as a Dollars Social Entrepreneur. This entrepreneur seeks to be assertive, to exercise power, to stand out from the crowd, and to compete with others. The Dollars Social Entrepreneur may be at the center of a network to raise

money for social enterprise organizations or may be an individual who takes a strong business focus to develop and build his or her own social-sector organization.

Some well-known Dollars Social Entrepreneurs include Pierre Omidyar, in his role as funder of an innovative program to provide start-up loans to aspiring entrepreneurs in developing economies; Mohammed Yunus, whose Grameen Bank spearheaded the idea of micro, collateral-free credit in third-world villages; and Millard Fuller, who went from being a millionaire in business at age 29 to become a recommitted Christian who sold his possessions, founded Habitat for Humanity and employed responsible business practices as an important element in his efforts to build a worldwide housing ministry.

Identification of Cases and Qualitative Classification

Based on the conceptual arguments advanced in this article, we used a qualitative classification strategy involving the identification of cases (Bailey 1994, pp. 6–9) in an effort to appropriately place entrepreneurs into quadrants of the typology advanced in this article. The authors enlisted the assistance of two graduate students at different institutions to gather cases involving entrepreneurs in both the business and the nonprofit sectors. The research assistants were not provided information about the typology nor informed of the research focus as they selected cases for further examination.

A convenience sample of 80 cases was selected from articles that appeared in sources including *Forbes* magazine, the Manhattan Institute, *Fast Company* magazine, Social Enterprise Alliance, *Social Enterprise Source Book*, LexisNexis newspaper articles, and Echoing Green, a self-described angel investor in the social sector. After the cases were compiled, they were provided to the two authors who then reviewed them independently and classified them into one of the four quadrants of the typology.

As the authors reviewed the 80 cases, the following combinations of key words, phrases, or descriptions of the entrepreneur or venture were sought from the cases to classify the entrepreneurs into one of the four quadrants:

- Incubating (passion, product, ideas, psychic investment, innovation, lifestyle or cause-related motivation)
- Enterprising (market-focus, business aspects, creation of financial value, evidence of business plan)
- Deeds (passion for a cause, greater good for society, little interest in personal financial reward, service orientation, maverick behavior in the aid of others, personal involvement, tendency to stay small, e.g., think globally, act locally)
- Dollars (social return, business acumen, large-scale ideas, generation of money to implement but not provide hands-on service, assertiveness, power, competition)

Table 2 shows the 80 cases with the names of the selected entrepreneurs, how they were classified by the authors, and the venture or activity presented in the cases. The authors independently agreed on the classifications of 72 of the 80 cases, an agreement rate of 90 percent. Of the 80 cases, 16 were classified as Incubating Entrepreneurs, 24 as Enterprising Entrepreneurs, 25 as Deeds Social Entrepreneurs and 7 as Dollars Social Entrepreneurs. The other 8 cases did not result in agreement as to an appropriate classification.

Discussion

These data are preliminary and need to be substantiated with a larger sample and the use of quantitative techniques such as cluster analysis. Even with an interrater reliability of 90 percent, several areas of dispute exist. These focus on categories that sit side-by-side, emphasizing the problem of categorizing activities from passive sources.

In these disputed cases, the two raters read the same information but inferred differing meanings from the reports, most particularly in the area of Incubating Entrepreneurs and Enterprising Entrepreneurs. It appears difficult to identify the level of business acumen that an entrepreneur has *at the beginning* of his or her enterprise. Frequently, the organizational myth develops in such a way that the entrepreneur is portrayed in press releases or corporate materials as an innovator of a new product who is disingenuous but aggressive and eager to enter a particular market. This description crosses the boundaries between Incubating Entrepreneurs (who focus on innovation and product and have few business organizational skills) and Enterprising Entrepreneurs (who focus on markets and have more sophisticated business skills).

The same phenomenon occurs between Deeds and Dollars social entrepreneurs. Inasmuch as social entrepreneurs tend to define themselves through extremes (biggest, smallest, oldest, newest, etc.) and who we defined based (in part) on size, a social entrepreneur like Don Shalvey who developed Aspire Charter Schools can be considered a Deeds Social Entrepreneur because of his direct involvement with education and his focus on social justice. He can just as easily be considered a Dollars Social Entrepreneur because his mission is “punctuated by successful, highly entrepreneurial initiatives,” which indicate a powerful business orientation, and the large amount of money he has raised in the nonprofit sector.

All the entrepreneurs in this preliminary study were U.S. based. We recognize that entrepreneurship has developed differently in different countries, notably in the United Kingdom, where the social entrepreneurship movement is far more established. An in-depth discussion of international social entrepreneurship is beyond the scope and goals of the current research, but would provide an interesting topic for further inquiry.

It is within this context of interpretation that the limitations in the qualitative analytical method we used appear. There is no way to corroborate the content analysis of secondary source data, allowing for fuzzy interpretation and categorization. In addition, the significant issue of entrepreneurial progression or life cycle appears. If we consider one of our more well-known social entrepreneurs, Pierre Omidyar, founder of E-Bay, this issue becomes clear. We are considering Omidyar in the Dollars Social Entrepreneur phase of his career as he presents funding for an innovative approach to microfinance: very small business loans to entrepreneurs in the developing world. Had we done our research at an earlier time, as he founded eBay, we might have seen Omidyar as an Incubating Entrepreneur—a man with a terrific idea who was trying to level the playing field while making some money himself. Alternatively, as the company grew, Omidyar might be seen as an Enterprising Entrepreneur, a man with the golden touch of making a business work in a new market. At some other point, he might be considered a Deeds Social Entrepreneur, working hands-on with local individuals in his own community. Because we focused on archival, passive case studies that appeared within a specific time frame and examined the actions and outcomes of individual entrepreneurs rather than motivations and activities over time—a snapshot rather than a movie—our findings show limited generalizability.

Further, we identified two methods of social entrepreneurship that demand more study: the Forward Approach and the Backward Approach. The Forward Approach describes the actions of a person who has a passion for a mission and will do anything, including setting up a business, to support that mission. This individual is “driven.” This seems to describe the Deeds Social Entrepreneur and, if we equate “mission” with “product,” it also fits the Incubating Entrepreneur.

The Backward Approach describes the actions of the serial entrepreneur who has the Midas touch for establishing businesses and who becomes engaged in someone else’s vision. This could describe the Dollars Social Entrepreneur who raises funds for innovative projects but has little interest in providing direct service. This is the way many micro-financing organizations get their start and also the way some large corporations might fulfill their social responsibility goals. These two approaches need to be investigated in terms of the ways in which they interact with the progression of entrepreneurs through the four identified categories.

We hypothesize that entrepreneurs move from quadrant to quadrant, in some developmental mode, not yet identified. It is this process of progression that lends particular impact to the understanding of new venture creation in the arena of social entrepreneurship. Further, we propose that the variables of “new resource skill” and the “ability to communicate

Table 2. Classification of the Cases

<i>Classification</i>	<i>New Venture Creator</i>	<i>Venture or Activity in Case</i>
Incubating E	Caterina Fake	Flickr photo classification
Incubating E	Ellen Sabin	The Giving Book
Incubating E	Eric Anderson	Space Adventures
Incubating E	Eric Teller	BodyMedia medical monitoring
Incubating E	J. Stuart Cumming	Eyeonics lens implants
Incubating E	Jane Leu	Upwardly Global immigrant service
Incubating E	Jeffrey Jonas	Systems Research & Development
Incubating E	Jennifer Brill	Silverton Mountain ski area
Incubating E	John Mackey	Whole Foods Market
Incubating E	Jordan Kassalow	Scojo Vision reading glasses
Incubating E	Michael Collins	Big Idea Group
Incubating E	Mike & Brian McMnamin	McMenamin's pub chain
Incubating E	Peter van Stolk	Jones Soda
Incubating E	Rhonda L. Anderson	Creative Memories scrapbooking
Incubating E	R.Fernandopulle/ P. Kothari	Renaissance Health care
Incubating E	Steve Shannon	Akimbo box,TV-Internet connection
Enterprising E	Bob R. Simpson	XTO Energy
Enterprising E	Christopher Godsall	Triton (underwater) Logging
Enterprising E	David Kaval /Amit Patel	Golden Baseball League
Enterprising E	Dawna Stone	Her Sports magazine
Enterprising E	Debra Feldman	Job Whiz career counseling
Enterprising E	Derek Sulger	SmartPay bill paying in China
Enterprising E	Douglas Levin	Black Duck software programs
Enterprising E	James N. Baker	Telabria wireless network
Enterprising E	James Kowalick	Kowalick Inc., Taguchi Method
Enterprising E	Jitendra Saxena	Netezza computer company
Enterprising E	John Paul Magill	Achilles Group personnel consulting
Enterprising E	Joseph Cohen	Polsteins online store
Enterprising E	Lawrence Kasanoff	Blackbelt TV channel
Enterprising E	Mark F. Brown	Mohegan Indian gambling
Enterprising E	Mejrema Alimanovic	Food shops in Bosnia
Enterprising E	Michael Workman	Pillar Data Systems
Enterprising E	Patrick Grady	Talaris corporate spending software
Enterprising E	Robert McGrath	Private Retreats/Distinctive Retreats
Enterprising E	Ross Mandell	Sky Capital Holdings
Enterprising E	Scott Milener	Browster internet company
Enterprising E	Shane Yeend	Imagination Entertainment
Enterprising E	Stephen Wynne	DeLorean Motor Company

Table 2 continued next page

Enterprising E	Steven Shore/Barry Prevor	Steve & Barry's Univ. Sportsware
Enterprising E	Vern Raburn	Eclipse Aviation
Deeds SE	Amy Lemley	First Place Fund, foster children
Deeds SE	Chad Pregracke	Living Lands and Waters
Deeds SE	Eric Adler/ Rajiv Vinnakota	SEED Charter School
Deeds SE	Gerald Chertavian	Year Up minority job training
Deeds SE	Gillian Caldwell	WITNESS human rights defenders
Deeds SE	Ian Marvy/Michael Hurvitz	Added Value markets
Deeds SE	Jack Whittaker	Donated millions to new church bldg.
Deeds SE	James G. Hunter	New Jersey Orators
Deeds SE	John Dixon	JUMP youth training, Buffalo NY
Deeds SE	John Sage	Bridges to Life
Deeds SE	John Wood	Room to Read
Deeds SE	Jonathan Schurr	New Leaders for New Schools
Deeds SE	Kerry O'Brien	D.C. Employment Justice Center
Deeds SE	Luke O'Neill	Shackleton School
Deeds SE	Mark Levine	Credit Where Credit is Due
Deeds SE	Martin Fisher	SuperMoneyMaker irrigation pump
Deeds SE	Melanie Carr	A Fighting Chance, New Orleans
Deeds SE	Michael Danziger	Steppingstone tutoring program
Deeds SE	Redonna Rodgers	Center for Teaching Entrepreneurship
Deeds SE	Richard Oulahan	Esperanza Unita, Milwaukee
Deeds SE	Rosalie McGuire	Rotary Club fundraiser, Batavia, NY
Deeds SE	Tom Vacca	Wayside Soup Kitchen, Maine
Deeds SE	Vic Lewis/Tino Milner	Community faith-based activities
Deeds SE	Whitney Smith	Girls for a Change
Deeds SE	William S. Barnes	Volunteer program for uninsured
Dollars SE	Al Sikes	READ Tutoring Program
Dollars SE	Alex Counts	Grameen Foundation, microfinance
Dollars SE	Jacob Schramm	College Summit, college prep.
Dollars SE	Kyle Zimmer	First Book, distributors of free books
Dollars SE	Linda Rottenberg	Endeavor, entrepreneurship support
Dollars SE	Paul Brainerd	New environmental foundation funds
Dollars SE	Pierre Omidyar	Microfinance contributions
<i>Deeds/Dollars</i>	<i>Don Shalvey</i>	<i>Aspire Charter Schools</i>
<i>Deeds/Dollars</i>	<i>M. Tenbusch/D. Varner</i>	<i>Think Detroit youth sports program</i>
<i>Incubating/Dollars</i>	<i>Rick Aubry</i>	<i>Rubicon Program, bakery, landscape</i>
<i>Incubating/Dollars</i>	<i>Sara Horowitz</i>	<i>Working Today, benefits program</i>
<i>Enter. E /Incub. E</i>	<i>Andrew Buchholtz</i>	<i>G2 Tactics, license plate scanner</i>
<i>Enter. E /Incub. E</i>	<i>Dave Pearce/D. Hollars</i>	<i>Miasolé, solar programs</i>
<i>Deeds SE/Incub. E</i>	<i>George Oldenburg</i>	<i>Acadiana Zoo</i>
<i>Enter. E /Incub. E</i>	<i>Noel Lee</i>	<i>Monster Cable Products</i>

1. Eight cases in dispute between the authors are shown in italics.

a vision” provide the business foundation for most social entrepreneurship ventures, as many Deeds Social Entrepreneurs either bootstrap their organizations or, by their enthusiasm, “sell” their ideas to a serial Enterprising Entrepreneur for assistance and funding. These propositions provide fertile ground for future research into the similarities and differences between business and social entrepreneurs. On the other hand, we do not consider pure philanthropists to be part of the Dollars Social Entrepreneur model unless methods used or services provided indicate innovative (i.e., entrepreneurial) approaches.

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