# Strategic Formulation and Implementation of Social Entrepreneurs

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## EXECUTIVE SUMMARY

*This chapter explores the theory and practice of strategy that social entrepreneurs deploy to run their ventures in a sustainable way. A critical link between strategy and practice of social enterprise is discussed in detail in this chapter. The chapter focuses on the strategic management framework and adapts it to include business analytical tools that social entrepreneurs use. Social entrepreneurs run businesses to generate earned income and reinvest profits back into the business for a social purpose rather than for personal gain like an entrepreneur. Social enterprises can mean different things to different people, they include a spectrum of trading organisations, such as cooperative societies; charities involved in a trading activity like charity shops; civic enterprises set up by local governments; credit unions and microcredit organisations run by social entrepreneurs. Social enterprise's mission and characteristics enable them to be very attractive to the public and stakeholders.*

After reading this chapter you should be able to:

1.  Appreciate the importance of strategic planning to social entrepreneurs;
2.  Describe and analyse some of the models and tools social entrepreneurs use to craft a strategy for their ventures;
3.  Develop a strategy for a social enterprise initiative by applying the strategic management framework;
4.  Be able to understand the underlying theories, constructs, concepts, and principles of the strategy used by social entrepreneurs in subsequent chapters by making connections with the key theories and models in this chapter;
5.  Review practical cases and examples of strategic planning and how this can assist Social Entrepreneurs.

## INTRODUCTION

The crafting of strategy is an important skill that social entrepreneurs should have. This is because strategic planning leads to success by setting the scene for the acquisition of vital resources (human and material). 'Think and plan for victory' is a key strategic theme in the *Art of War* by Sun Tzu; a popular and classic Chinese military manual used by military and business leaders all over the world. The book encourages generals to 'outthink' the enemy rather than to 'outfight' as this will give victory with less cost. In social entrepreneurship, the 'enemy,' a metaphor, is a lack of resources and the persistent challenges facing humanity and the environment. Strategy is about thinking and planning the best course of action with minimal cost.

A social entrepreneur runs a business to generate earned income (profits) by selling goods and services to people, governments, and businesses. When profits are realised, they are reinvested into the social enterprise to further its mission, unlike private enterprises that disburses the profits to their owners and shareholders (Oham 2016). Please read Chapter 3 for a detailed definition and discussion on social entrepreneurship.

Social enterprises can assume different legal forms, they include a spectrum of trading organisations, such as cooperative societies, charities involved in a trading activity like charity shops, civic enterprises set up by local governments, credit unions and microcredit organisations run by social entrepreneurs, Company Limited by Guarantee and Community Interest Companies (CIC) (Galera and Borzaga, 2009). For example, the London Early Years Foundation (LEYF) is a social enterprise that provides childcare services in 37 nurseries around London. LEYF ploughs back all its profits to further its mission to increase social impact by training staff, employing local people, providing apprenticeship opportunities, and supporting mothers and

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