

# Social Entrepreneurship In Sustainable Food Business

NYU Stern School of Business  
Syllabus, Fall 2014

**Professor Hans Taparia**

New York University Stern School of Business

E-mail: [htaparia@stern.nyu.edu](mailto:htaparia@stern.nyu.edu)

**Course Number:**

BSPA-GB.2306

**Date/Time:** Thursdays 6:45 – 8:25 pm

**Office Hours:**

To be determined

**Required Course Materials**

- Kim, W. Chan & Mauborgne, Renee (2005). *The Blue Ocean Strategy*. Harvard Business School Publishing Corporation.
- Nestle, Marion (2010). *What to Eat*. North Point Press.
- Pollan, Michael (2008). In *Defense of Food*. Penguin Books.
- Coyne, Kevin. *Enduring Ideas: The GE-McKinsey Nine-box Matrix*.
- Hamermesh, Richard G., Marshall, Paul W., Pirmohamed, Taz. *Note on Business Model Analysis for the Entrepreneur*. Harvard Business School Publishing Corporation.
- *Strategy: A Primer* from *Harvard Business Essentials: Manager's Toolkit* (February 18, 2004). Harvard Business School Press.
- Elkington, John, Hartigan, Pamela. *Creating Successful Business Models, Lessons from Social Entrepreneurship* (2008). Harvard Business School Publishing Corporation.

- Guclu, Ayse; Dees, J. Gregory and Anderson, Beth Battle. *The Process of Social Entrepreneurship: Creating Opportunities Worthy of Serious Pursuit* (2002). Duke University, Fuqua School of Business.
- Colby, Susan; Stone, Nan and Cartarr, Paul. *Zeroing in on Impact* (Fall 2004). Stanford Social Innovation Review.
- Dees, J. Gregory. *The Meaning of Social Entrepreneurship* (2001).

### **Recommended Reading & Films**

- Campbell, T. Colin, Campbell II, Thomas M. (2006). *The China Study*. Benbella Books.
- Robinson, Jo (2013). *Eating on the Wild Side*. Little, Brown and Company.
- Nestle, Marion (2007). *Food Politics*. University of California Press.
- Pollan, Michael (2006). *The Omnivore's Dilemma*. Penguin Books.
- Select industry specific books and journals, depending on team domain of focus.
- *Food Inc.* by Robert Kenner
- *Fed Up* by Stephanie Soechtig

## **Background**

Looking back over the past several decades, it appears as though the food and health care industries have been working at cross-purposes. Combined, they account for about \$4.5 trillion in spend or roughly 30% of U.S. GDP. While advances in medicine continue to drive up longevity [1], the quality of that incremental lifespan has continued to deteriorate with the rise in incidence of degenerative diseases such as diabetes, cancer and heart disease. Diabetes prevalence amongst adults in the US is up from 8% of the population in 1994 to 11% of the population in 2008 [1]. Cancer incidence amongst adults rose 20% between 1999 and 2009 [1]. Finally, despite a significant drop in smoking, the prevalence of heart disease has remained stubbornly flat between 1994 and 2008 [1]. While there are many causes, much attention has turned to the impact of rising obesity and inadequate nutrition, and over the past decade or so, researchers have sufficiently demonstrated their link to the rising incidence of these diseases [2].

Between 1994 and 2008, the percentage of American adults who were obese rose from 22% to 34% [1]. The prevalence of obesity amongst children age 6-11 almost doubled from 11% to 20% [1]. Nutrition indicators are no better. In 2007, only 24% of adults ate more than five servings of fruits and vegetables everyday, and more than 60% of Americans consumed more than the *Dietary Guidelines for Americans* recommendation for saturated fat [3].

Authors, filmmakers, scientists and policy makers have attributed a variety of causes to our obesity epidemic. They can be segmented into a few categories: policy-driven, societal, and commercial. An important example of a policy-driven cause, as Michael Pollan has famously suggested, is that the US government's farm bill heavily subsidizes corn, which in turn serves as a subsidy for animal feed and meat. In his words, the "bad calories" are being subsidized by the government and are cheaper than the more nutritious calories [4]. An example of a societal cause would be the increasingly sedentary lifestyle of Americans. According to the CDC, only 48% of adults in the US meet the 2008 Physical Activity Guidelines. The commercially-driven causes of the problem are several. The first is the rapid proliferation of unhealthy fast food chains. There are approximately 160,000 fast food restaurants in America today, serving 50 million consumers daily and generating annual revenues of about \$110 billion. The public health impact of this is enormous, particularly in neighborhoods with a preponderance of fast food restaurants, but no grocery stores. In Chicago alone, it is estimated that 400,000 people live in such neighborhoods. Unsurprisingly, a number of studies show correlations between proximity to fast food restaurants and deteriorating public health outcomes [5], [6]. This leads us to the next commercial cause, which is poor access to healthy food options. In America today, healthy food options are still limited or non-existent in locations as varied as airports, highways, hospitals, movie theaters and schools. In communities with vulnerable populations, the situation is desperate. According to a recent US Department of Agriculture report, about 2.3 million people live more than a mile away from a grocery store and do not own a car. Another major commercial cause has to do with the rapid growth and widespread availability of manufactured food items that are high in sugar, fat or sodium and low in fiber, vitamins,

minerals and other micronutrients. Food manufacturers have every incentive to optimize products for increased addiction [7], market aggressively to children, and reduce cost by scaling the use of a small number of ingredients (two-thirds of today's calories come from just four grains).

To control many of the commercially-driven causes of obesity, policy makers have begun to step in more aggressively. A new farm bill has been passed, calorie labels have become mandatory on menus in parts of the country, trans-fats have been banned in many cities, a new food nutrition label has been proposed and subsidies for retailers in food deserts have been instituted, amongst others. While many of these have the potential to influence public health, their pace of implementation is slow, and often inhibited by interested parties such as large, entrenched food companies and the legislators that represent them. These interested parties argue that ultimately, the consumer has choice and has full control of her consumption decisions. They argue that regulation is both unnecessary and goes against the grain of America's free market ideal.

This course sees the free market as an opportunity to drive change in the food supply chain, leading to better public health outcomes, and even to serve as a catalyst for policy. As Gary Hirshberg, the founder of Stonyfield, states, "we exercise our vote with how we shop." This course will make the case that the market for food is still highly inefficient, often monopolistic at times, and that choice is still limited and hard to fulfill—all this against a backdrop where consumer demand for healthier food options is growing dramatically. This is not to suggest that by simply offering healthier food options, consumers will choose them. Several recent studies have shown that this does not automatically happen [8]. After all, food choices are based on a variety of factors including taste preferences, cost effectiveness, ease of availability and brand image and messaging. This is where social entrepreneurs can play a pivotal role. Through a mix of passion, persistence, vision, innovation and marketing savvy, social entrepreneurs can develop and market desirable products and services that capitalize on this need-gap. They can create new choices, serve as economic engines and drive positive public health outcomes all at the same time.

There are a number of organizations that have arguably already embarked on this path. Today, nearly 1 in 5 products sold in the US are either all natural or organic [9]—an industry cultivated by companies such as Stonyfield, Amy's Kitchen, Clif Bar and others. Retailers such as Trader Joe's and Costco have shown how, through hyper-efficient supply chains, high quality food can be priced competitively. Quick service restaurant chains such as Panera, Chipotle and Pret a Manger have proven that a fresh food offering can be scaled nationally. Meanwhile, a number of next generation food business models are emerging. Oakland, California-based Revolution Foods (<http://revolutionfoods.com>) makes and delivers one million fresh meals to one thousand (mostly public) schools every day across the country. Its meals are free from high fructose corn syrup, trans-fats, hormones, antibiotics and are sometimes organic. Blue Apron (<http://www.blueapron.com>), based in Brooklyn, New York, delivers to its 500,000 customers just the required fresh ingredients along with a recipe for dinner three times a week for \$10 a meal. Each meal is different, but pre-determined. Therefore, consumers

get variety, while Blue Apron is able to buy with scale and drive down cost. By removing the need to shop and by making cooking gourmet meals easy, its consumers are able to eat fresh food and save time.

### **Course Description:**

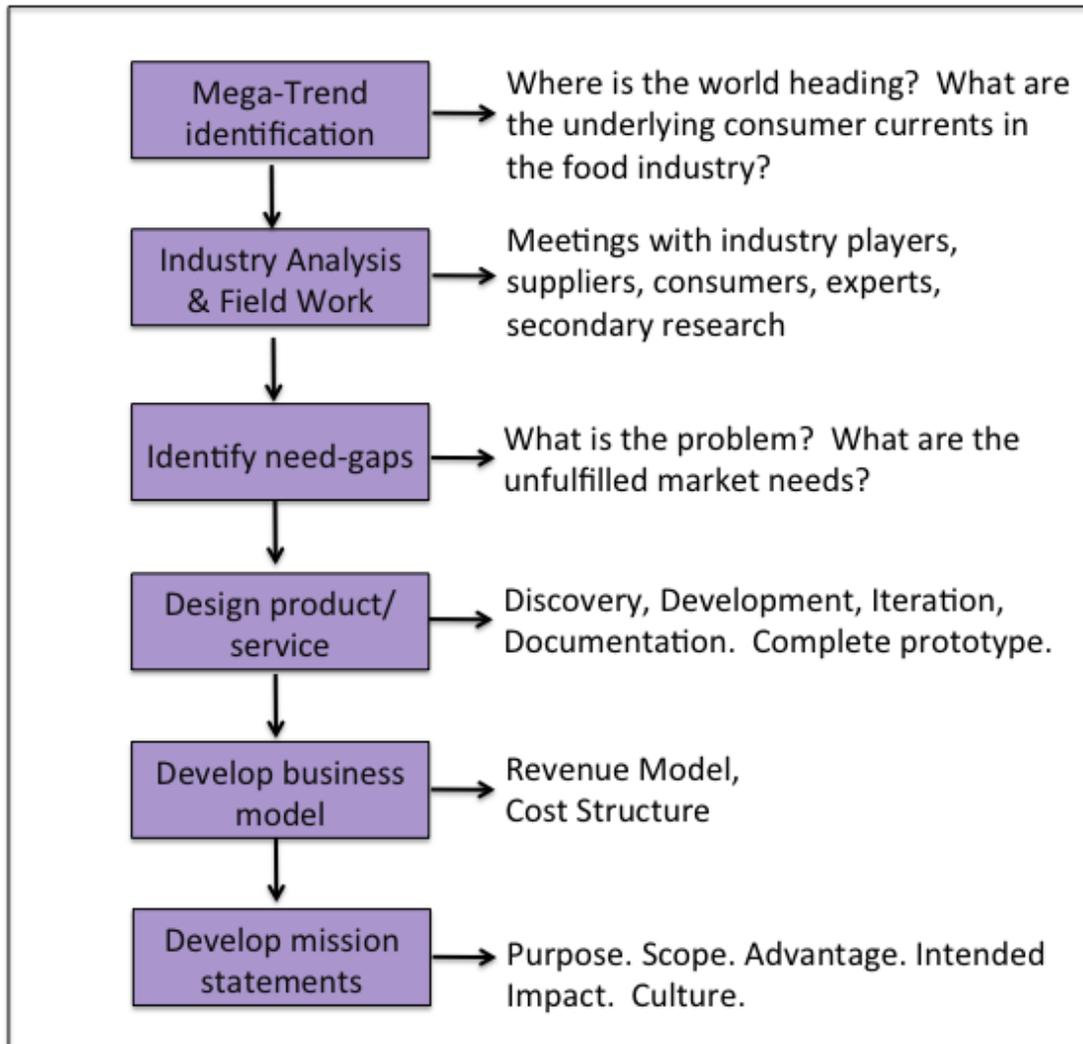
This course is designed to put the idea of teaching social entrepreneurship in the food industry to its ultimate test—with the objective of incubating a series of food ventures through the course of the semester that have the potential to be viable businesses and positively impact public health outcomes.

Once the semester begins, “start-up” teams of four to five students each will be formed. Teams will be tasked with generating ideas for their start-ups by identifying consumer “mega-trends” along with specific problems they perceive in the food industry. While the problem they are looking to solve may be a national one, teams will be encouraged to focus on New York City as their initial market of choice. The problem they are looking to solve may fall in one of many segments such as restaurants and food service, supermarkets, food manufacturing, distribution, agriculture, or others. Through a combination of field work, secondary research, workshops and industry partnerships, teams will analyze the segment with an eye toward identifying need-gaps in the market and potential solutions for those need-gaps. The essential premise is that through field work, industry immersion and networking, product ideation and creativity comes much more naturally.

Through the NYU community, teams will have access to a variety of businesses, government offices, industry organizations, laboratories and more. However, as with any form of entrepreneurial activity, teams will need to be proactive and generate the attention they need to set up meetings.

The class will focus on (1) mega-trend identification, (2) industry analysis with field work, (3) problem identification and need-gap analysis, (4) product/service development, (5) business model development and (6) strategy/mission statement development. Chart 1 on the next page outlines this course flow.

Chart 1.



## **Course Philosophy**

At universities these days, it is a matter of constant debate as to whether a classroom environment can foster entrepreneurship. After all, successful entrepreneurs display characteristics which often seem to have little to do with what can be taught – passion, risk-taking appetite, a sense of purpose, a vision, a dream and so on. For social entrepreneurship, which involves developing a sustainable enterprise that also addresses a social issue (such as public health, in this case), this is perhaps even more pronounced.

In addition to the requisite individual characteristics, there are arguably several key inputs that are important for incubating a business. They include (1) an idea, (2) expertise, (3) a market and (4) capital. By helping students identify mega-trends and problems as the basis for an idea, forming teams with domain expertise, helping create networks and industry partnerships, focusing on New York City as an initial market, and helping students create the necessary building blocks to attract capital, this course proposes to uniquely bring all of these to the classroom.

## **Course Objectives**

- To provide students already predisposed toward entrepreneurship with the concepts, frameworks and models to systematically incubate innovative food businesses that are both sustainable and public health-driven.
- To provide access to domain-specific resources including key industry participants, industry experts and research partners, in order to identify need-gaps and create working products and solutions.

## **Course Deliverables**

### *Mega-Trend Identification, Industry Structure Analysis and Need-Gap Analysis*

Mega-trends are large-scale changes in consumer direction. Developing a “pulse” for these trends is the first step in the long journey of starting and building a business. At the onset, it helps zero-in on the space or sub-segment the start-up will operate within. Once an industry sub-segment has been identified, teams will have the opportunity to meet a variety of industry players, suppliers, consumers and experts in that sub-segment. These visits, in combination with the required reading and other secondary research, will allow the teams to conduct a detailed Industry Structure Analysis on their respective sectors. This must include market segmentation analysis, market sizing, growth rates, industry economics, trend analysis, competitive landscape, regulatory framework analysis, and consumer research. The Opportunity Mapping Model will then be used to map industry need-gaps with the core strengths of the team/venture in order to develop viable business ideas.

### *Prototype Development and Business Model Development*

The next step will be for the teams to build or develop a product/service offering that fulfills the identified need-gaps. As part of this class, teams are expected to either outline the inputs required for a product/service prototype, or if possible, actually build a prototype. Teams will also need to outline the proposed business model for their product/service.

### *Strategy and Mission Statement Development*

Once the product/service offering has been proposed, each team will need to develop its strategy/mission statement. This should be broken into 4 parts: (1) the Purpose of the Venture (“the reason to be”), (2) the Scope (what is the “playing field” for the venture) and Intended Impact (for the community it serves), (3) Advantage (What is the venture’s competitive advantage), and (4) Environment (What is the internal human or cultural environment that the venture seeks to create?).

### *Business Concept Presentations*

At the end of the class, each team will need to present their Business Concept Presentations. They will need to provide a detailed overview of the sector, the opportunity, the mission statement, a blueprint, demo or video of the product/service, the business model, and initial thinking on how the venture will scale.

**A note on teams:** Peer evaluations will assist me in assessing the contribution each team member makes to the business plan. Individual grades therefore may be significantly better (or worse) than the team grade. Only in circumstances where a team member has not contributed, and where the balance of the team has attempted, unsuccessfully, to correct the problem with the individual and myself, can a team member be "fired." Arrange a meeting with me at the first sign of trouble.

### **Class and Small Group Participation**

The success of this course depends not only on your attendance, but also on your participation. The more you participate, the more fun and valuable the course will be for all of us. For every class, students are expected to read the supplemental readings and cases. Participation is measured using several criteria. These include actively participating individually during the "discussion" part of our sessions, in small group meetings, and in-group presentations.

The instructor's evaluation of your participation will be evaluated using these criteria:

- When questions were presented to the class, how active was your participation?
- When you answered questions or commented on reading-related or discussion-related material in class, how accurately did you use concepts previously discussed?

- When you asked questions or commented on reading-related or discussion-related material in class, how creative (as opposed to redundant or repetitive) was your thinking?
- As this class involves significant time in the field, how active were you in setting up meetings, and in participating and extracting data in those meetings?
- While in the field, how enterprising were you in accessing new resources while on the ground and maneuvering unforeseen circumstances?

### **Attendance and Lateness Policy**

Attendance at each class session is expected. If you miss more than one class (regardless of the reason), you can expect this to have a negative effect on your class participation grade. Excessive lateness, or leaving early, will also have a negative effect on your contribution grade.

### **Laptops, Cell Phones, & Other Electronic Devices**

These may not be used in class. Please turn off all electronic devices before class begins.

## **About the Instructor**

Hans Taparia is a co-founder Preferred Brands International (PBI). PBI, set up in 1995, is a Stamford, Connecticut based food company that manufactures a range of natural, convenience, specialty foods under the brand *Tasty Bite*. *Tasty Bite* is currently the largest selling brand of Indian food and amongst the top selling brands of Asian food sold in North America, available at most supermarket chains including Costco, Whole Foods, Safeway, Target and Kroger. *Tasty Bite* products include a range of over 30 Ready-to-Eat Indian and Asian entrées, meals, noodles and organic rice products.

PBI's manufacturing arm in India, Tasty Bite Eatables Ltd. (TBEL), is a state-of-the art integrated food factory with a 23 acre organic farm. Tasty Bite has been highly active in corporate social responsibility over the past 15 years and has on-going projects in agriculture, renewable energy, water conservation, education and disaster relief. The company was awarded the 2012 *Great Places to Work Institute's* Top 50 Indian companies to work for. It also ranked in the US as one of *Inc.* magazine's 5000 fastest growing companies in 2013.

Hans is also a co-founder of ASG-Omni, a US and India based management consulting firm and incubator. ASG-Omni, along with Desh Deshpande and Sycamore Networks, was a co-founder of Bangalore-based Tejas Networks, which has grown to become one of the top 10 optical networking companies in the world. Tejas today employs over 700 people and has also been a winner of numerous accolades including the *Red Herring* 100 Global Award Winner in 2007 and the Deloitte and Touche Fast 500 Asia award 4 years in a row. Hans has a Bachelors of Science degree from the Massachusetts Institute of Technology and has been a Professor at the NYU Stern School of Business since 2011.

## Course Schedule

Date	Module	Class Agenda; Readings
Class 1	1. Class Introduction 2. Formation of “Start-up” Teams 3. The role of food businesses in shaping public health 4. Mega-Trend Identification	<ul style="list-style-type: none"> <li>• Presentation and Case studies of next-generation business models in the food industry</li> <li>• <i>The Meaning of Social Entrepreneurship</i></li> <li>• <i>The Process of Social Entrepreneurship: Creating Opportunities Worthy of Serious Pursuit</i></li> </ul>
Class 2	Industry Structure Analysis Overview	<ul style="list-style-type: none"> <li>• BCG Model applied to entrepreneurs</li> <li>• McKinsey/GE Matrix Nine Box Matrix</li> <li>• <i>What to Eat</i></li> <li>• <i>In Defense of Food</i></li> <li>• Select readings based on the domain and problem your team identifies.</li> </ul>
Class 3	Need-gap Analysis & Opportunity Mapping Model Part I	Field Work: <ul style="list-style-type: none"> <li>• Meetings with industry players, suppliers, consumers and experts in sub-segment</li> </ul> Readings: <ul style="list-style-type: none"> <li>• <i>The Blue Ocean Strategy</i></li> <li>• Select readings based on the domain and problem your team identifies.</li> </ul>
Class 4	Need-gap Analysis & Opportunity Mapping Model Part II	Field Work (cont’d): <ul style="list-style-type: none"> <li>• Meetings with industry players, suppliers, consumers and experts in sub-segment</li> </ul> Readings: <ul style="list-style-type: none"> <li>• Select readings based on the domain and problem your team identifies.</li> </ul>
Class 5	Product Ideation and Design	<ul style="list-style-type: none"> <li>• Field Work (cont’d): Meetings with suppliers and prospective consumers</li> <li>• Guest speaker on product</li> </ul>

		design and prototyping • Break-out sessions
Class 6	Team Presentations on Opportunity and Initial Product / Service Ideas	
Class 7	Product/Service Development	• Field Work (cont'd): Consumer focus groups • Lab work
Class 8	Business Model Development	Reading: • <i>Note on Business Model Analysis for the Entrepreneur</i> • <i>Creating Successful Business Models, Lessons from Social Entrepreneurship</i>
Class 9	Strategy for the Entrepreneur	Reading: • <i>Strategy: A Primer</i> • <i>Zeroing in on Impact</i>
Class 10	Strategy Development Break-out Session	• Break-out Session
Class 11	Initial Business Concept Presentations	Final Team Presentations
Class 12	Initial Business Concept Presentations II	Final Team Presentations

**Breakdown of Course Requirements:**

<b>Module</b>	<b>% of Total Grade</b>
Completion of Mega-Trend Identification, Industry Structure Analysis and Opportunity Mapping Model	15%
Prototype Development and Business Model Development	20%
Strategy and Mission Statement Development	10%
Business Concept Presentation	40%
Class Participation	15%
Total	100%

## **Bibliography**

1. National Center for Health Statistics, *Health, United States, 2010*, National Center for Health Statistics, Editor 2011, U.S. Government Printing Office: Washington D.C.
2. Caroline K. Kramer, M., PhD; Bernard Zinman, CM, MD; Ravi Retnakaran, MD, *Are Metabolically Healthy Overweight and Obesity Benign Conditions?* Annals of Internal Medicine, 2013. Volume 159 (11).
3. National Center for Chronic Disease Prevention, *The Power of Prevention, Chronic Disease ... the Public Health Challenge of the 21st Century*, Centers for Disease Control and Prevention, Editor 2009.
4. Pollan, M., *Omnivore's Dilemma: A Natural History of Four Meals*. 2006, New York, NY: Penguin Group.
5. Lorraine R. Reitzel, P., Seann D. Regan, MA, Nga Nguyen, MS, Ellen K. Cromley, PhD, Larkin L. Strong, PhD, David W. Wetter, PhD, and Lorna H. McNeill, PhD, *Density and Proximity of Fast Food Restaurants and Body Mass Index Among African Americans*. American Journal of Public Health, 2013(Published Ahead of Print May 16, 2013): p. e1-e7.
6. Brennan Davis, P., and Christopher Carpenter. PhD, *Proximity of Fast-Food Restaurants to Schools and Adolescent Obesity*. American Journal of Public Health, 2009. 99 (3): p. 505-510.
7. Moss, M., *The Extraordinary Science of Addictive Junk Food*, in *The New York Times* 2013, The New York Times: New York.
8. Ruopeng An, M., MPhil, Roland Sturm, PhD, *School and Residential Neighborhood Food Environment and Diet Among California Youth*. American Journal of Preventive Medicine, 2012. 42 ((2)): p. 129-135.
9. Natural Food Merchandiser, *Market Overview*, in *Natural Food Mercandiser*, 2012, New Hope Media.

# **Social Entrepreneurship in Sustainable Food Business**

## **Application, Fall 2014**

**E-mail to:**

[htaparia@stern.nyu.edu](mailto:htaparia@stern.nyu.edu)

**Due:** June 30, 2014

**Brief Overview:**

This course is designed to put the idea of teaching social entrepreneurship in the food industry to its ultimate test—with the objective of incubating a series of food ventures through the course of the semester that have the potential to be viable businesses and positively impact public health outcomes.

The class will form start-up teams that will identify their domain of focus within the food industry, identify mega-trends, determine need-gaps, generate ideas, develop prototypes and business models, explore customer acquisition and develop strategies. The course will be co-listed at both NYU Stern and Steinhardt, and will have students from both schools.

In order to provide the teams with the attention needed to develop new ventures, the class size has been capped at 40 students. Therefore, we are asking students to formally apply. Selection will be based on your domain or functional experience, social sector experience, entrepreneurial strengths and motivation to start a venture during or soon after graduating from NYU.

**Application for Course:**

1. Name:
2. E-mail:
3. NYU School (e.g. Stern, Steinhardt, Wagner, etc.):
4. Describe what has motivated you to choose a path in social entrepreneurship and why this is that time for you?
5. How would you best describe your domain or functional expertise?
6. Provide 2 examples in your career till date that best exemplify your entrepreneurial strengths.

7. Why are you interested in the food sector? How do you believe food business can be a source for positive health outcomes?
8. Overall, why should you be selected for this course?
9. Significant out-of-class group work and field work is required for this class. Will you be able to accommodate that in your schedule?

Send the above with a **one-page** resume. E-mail to [htaparia@stern.nyu.edu](mailto:htaparia@stern.nyu.edu). Select candidates may be chosen for a brief interview before a final decision for admission is made.