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The Push to Do Good and Turn a Profit

Business schools report that young people are pursuing social ventures in record numbers. But finding backers is still tough

by [Dan Macsai](#)

Sean Coleman is an aspiring businessman, not an aspiring philanthropist. But like a growing number of young entrepreneurs, he could pass for both.

Coleman, 24, plans to open a chain of stores he dubs "the Whole Foods of hardware" with his business partner, Felicia Diaz, 27, whom he met during an entrepreneurship course at San Francisco State. The wares will be recycled and eco-friendly. (Think rock-hard countertops made from processed paper and lighting fixtures that use less power.) And Coleman, who graduated in May, hopes they'll turn more than profits: "My goal," he says, "is to help everyday families create greener homes."

Politically active and culturally aware, young entrepreneurs, like Coleman, are pursuing socially responsible business ventures in record numbers, say administrators at several top B-schools, including Babson College and the University of Arizona's Eller School of Management. Defying tradition, students and recent grads are pitching business plans with dueling bottom lines—social and financial—and hoping investors will buy in.

SAVVY STUDENTS

Raman Chadha, director of Depaul University's Coleman Entrepreneurship Center, attributes the trend to "a philosophical difference" in today's youth. By and large, he says, U.S. college students are in tune with buzzed-about issues—rising fuel costs, global warming, a sluggish economy—and "they want to do something about them."

Indeed, of 1,500 college students recently polled online by [Alloy Media + Marketing](#), 90% plan to vote in the upcoming Presidential election, 71% say they've recycled within the past six months, and 41% prefer brands that are "eco-friendly" or "green," like Burt's Bees ([CLX](#)) and Yoplait ([GIS](#)). (All figures are significantly higher than in 2006.)

On average, budding entrepreneurs are even more socially involved, says Matt Mars, a "sustainability mentor" at Eller's McGuire Center for Entrepreneurship. Already given to problem solving, they routinely turn personal concerns into profitable ventures, he says.

Back in 1999, Jim Poss, then 26, developed BigBelly, a solar-powered trash compactor designed to purge Boston's garbage-lined streets. Today, his company, [Seahorse Power](#) ([BusinessWeek.com](#), 4/13/07), boasts annual revenues north of \$1 million. More recently, fellow young entrepreneurs [Andrea Pizziconi](#) ([BusinessWeek.com](#), 3/21/08) and [Xavier Helgesen](#) ([BusinessWeek](#), 12/14/07) accomplished similar feats.

LUKEWARM INVESTMENT

Coleman was less fortunate. After spending months pitching his hardware store to 15 different investors, he

received a steady stream of "Maybes," "We'll sees," and flat-out "Nos." Joshua Scott, 26, who graduated from Eller in May, hasn't even tried to secure funding for his just-launched 50 Mile Farms, which uses hydroponics to grow local crops more efficiently. "At this point," he says, "I'd probably get rejected."

Unlike traditional backers, who prefer ventures with faster returns and higher profit margins, some investment vehicles are sympathetic to socially responsible efforts. In recent years, such socially aware groups as Good Capital, Underdog Ventures, and Investors' Circle have helped finance more than 200 up-and-coming entrepreneurs.

But the competition is fierce. At Investors' Circle, a network of 225 angel investors, fund managers, and administrators review roughly 600 business plans each year. Of those, just 15 receive funds, and their authors are rarely under 25.

Why? Because young entrepreneurs are "a risky investment," says Matt Lombardi, entrepreneur services director at Investors' Circle. "They haven't spent as much time in their industries." Bo Fishback, the vice-president for entrepreneurship at [the Kauffman Foundation](#), blames bad timing. "After graduation," he says, "there's a huge drop-off in who's able to pursue student ventures."

ACADEMIC RESPONSE

The challenge, then, falls to entrepreneurial educators. With so many factors working against socially responsible ventures, especially those originated by younger minds, several B-schools have revamped their curricula to help dedicated students succeed.

DePaul, Babson, and the University of Houston's Bauer College of Business now offer sustainable enterprise courses. Though they don't all address social responsibility specifically, the lessons learned—many of which deal with maximizing efficiency—can make any business venture more palatable to investors.

At Eller, Mars champions experiential learning. Beyond developing a profit model, students predict how a business will affect people's lives. Then they conduct a series of interviews to gauge its actual impact, and they adjust their concept accordingly.

The goal, says Mars, is to discern a venture's "alternative value." "Investors can be swayed by a compelling mission," he explains. "And you'll be able to tell them, 'You can help X number of people in X many ways.'"

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