

Audacious Social Entrepreneurship:

How Big, Bad, Unitus Came to Be & Lessons Learned for Changing the World

One of the most exciting social ventures I co-founded has been Unitus, a global microfinance accelerator. The name we as a board decided early on was Unitus, meaning to “unite us,” the rich and the poor, around the world.

It’s an impressive case not yet published, or hardly ever presented at scholarly meetings, but one which has a story now worth telling, a tale full of intrigue, huge impacts, astounding amounts of money, both successes and weaknesses. It has resulted in perhaps wider and deeper socio-economic impacts than any other such nonprofit of the past 15 years. As a co-founder, and one of only 5-6 individuals who designed and incorporated Unitus from the beginning, I plan to share the “good, bad, and ugly” of Unitus.

Unitus began after I had met Professor Muhammad Yunus, founder of the Grameen Bank, in the mid 1990s. In those days he was not well known and microcredit was in its infancy. He was extremely impressed with my band of BYU students as we were launching Social Entrepreneurship projects in several countries. So Yunus and I began to partner as I sought his wisdom in collaborating on my various student projects. He became an advisor and/or board member for several of our efforts. I was able to bring him to BYU each year where he spoke to ever-growing crowds. Eventually BYU agreed to give him an honorary doctorate and that brought even more attention to our shared cause of changing the world. At that point his U.S. audiences began to grow, leading to numerous recognitions, including the Nobel Peace Prize.

In a way, Unitus grew out of my collaboration with Yunus. A few wealthy and highly motivated individuals, people from coast to coast, had read one of my books, and began to talk to me by phone and by email. They included individuals like a former Marketing VP of Apple who

had launched the first McIntosh campaign in Silicon Valley. Another was a Florida-based retired financial manager for a large company. Another was Mitt Romney's partner at Bain Capital in Boston. Still another was a VP at Microsoft. Others included BYU alumni who founded and operated local firms. Soon they started flying to Utah to meet and discuss how they could make a difference. Ultimately after a year of debate, strategy-formation and planning, we incorporated as a social enterprise.

As co-founder and the first board chair, I took the Unitus group to Dhaka, Bangladesh where we spent a week meeting with Dr. Muhammad Yunus. They wanted to really understand microcredit, agreed to each pay their own way to learn at the foot of the Master, Yunus. For five days we would spend several hours each morning with him in a seminar or group dialogue. After lunch, we would fan out through the bank, interviewing managers, learning how the firm operated, its strengths and weaknesses. Of course, we also went out to the villages to observe staff and Grameen clients as they met, recited the 16 Decisions, and paid loan installments.

From our discussions with Yunus, we decided that rather than just being another social business, we would do something unique—help small microfinance organizations grow solidly and rapidly. So we developed an amazing strategy as an accelerator for microfinance. In the early board discussions, I remember the day we said, “Let's dream really big!” We did and set a goal of generating *one billion new dollars* for microfinance. We laughed at how ridiculous such grandiose dreams were. I used the term “audacious,” and we laughed again. Then we got serious and went to work. As the first chairman of the board, I proposed we begin in Mexico, so we set up a new organization in Tula called *ProMujer*. Since then through our Unitus capital resources, we have established 489 Mexican communal banks and dispersed \$8 million just in that region of Mexico. From there we went to India and found a wonderful little NGO called SKS whose

potential for growth looked promising. We provided capital, training, expertise and new technologies to the SKS and it grew to be a huge success. Later we expanded to Kenya where with our partner, Jamii Bora, we expanded from 25,000 to 140,000 borrowers, Argentina where we expanded to 70,000 or so, Indonesia, and other parts of the globe.

Unitus eventually became, in fact, a unique global MFI accelerator. Accumulating capital and making major loans to small NGOs so they grow rapidly has been a marvelous experience. We innovated such radical ideas as expanding from donations alone, to creating venture capital trusts for wealthy people to invest in our MFIs and receive a 3-4 percent return. By 2011 Unitus had generated just over \$1 billion in new capital and was supporting some 11 million borrowers through its global partners. Honors from Fast Company, Clinton's CGI, etc. were plentiful.

But as we grew, there were also growing problems: Mission drift, taking our eyes off the ball, etc. As we hired the most competent managers we could find, the board began to raise salaries and benefits. Staff flew first class and stayed in the best hotels. I resigned from the board after becoming frustrated with the contradictions between the luxury world of high-flying Unitus and the Third World realities of suffering among poorest of the poor. There were the tragedies of client suicides among our borrowers in India, leading to new criticisms against greedy MFIs. So Unitus began evolving into several new social enterprises. Ultimately, Unitus decided its mission had been accomplished and all microlending was halted. Virtually, all staff were laid off overnight, although generous severance pay was provided.

Gradually through internal analysis, Unitus split into five different entities, each legally separated with its own mission and business plan. They have morphed into unique firms as the following: *Unitus Seed Fund* which invests in Base of the Pyramid (BOP) start-ups in agriculture, etc.; *Unitus Labs*, a social entrepreneurial group helping such causes as healthcare

for the poor, better education in India, and so on; *Unitus Equity Fund* which provided significant venture capital for microfinance, but is no longer seeking new projects; *Unitus Impact* which emphasizes ways to foster entrepreneurial growth and improve livelihoods in Asia; *Unitus Capital* which is essentially an investment bank for renewable energy, affordable housing and women empowerment.

Thus, one can observe a range of successes, as well as real world of challenges in empowering the poor on a grand scale. In spite of significant problems mostly unreported in the media, my session at NYU will attempt to do an honest critique. of these Unitus organizations now have more of a focus on broader social entrepreneurship strategies. The group of Unitus founders has expanded and diversified, but each is among movers and shakers, fighting poverty around the globe.