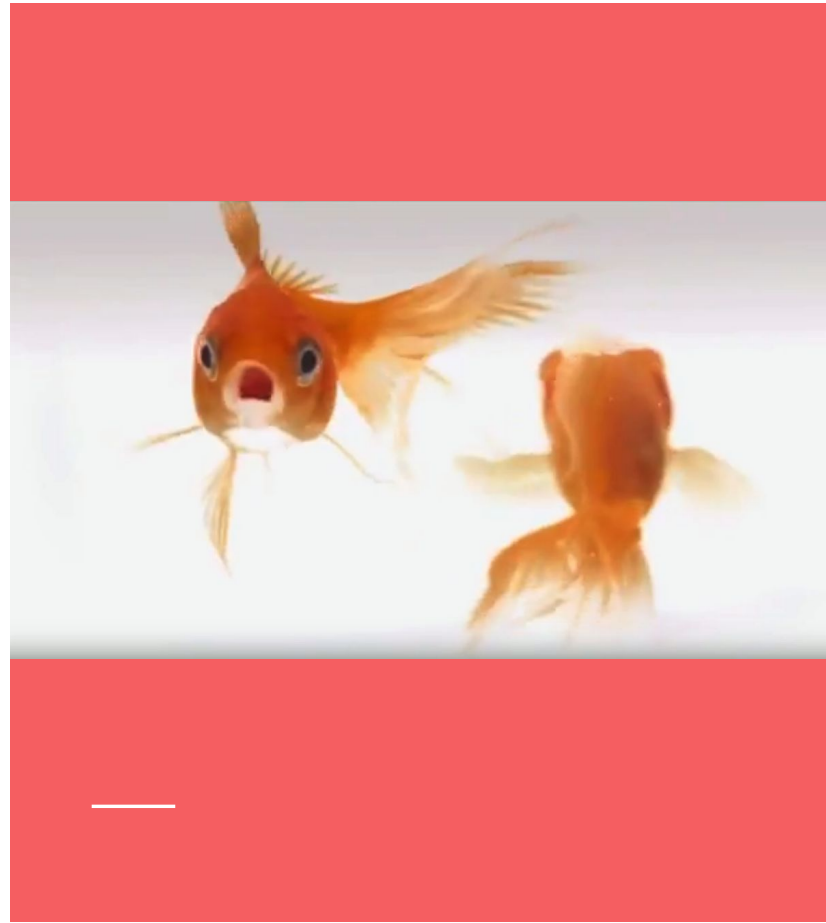


Design that Matters II

Lyel Resner
MIT 6.1040
Fall 2024



How this will go

1. Your Insights
2. Incentive Design X Social Innovation
3. What Agency You Have
4. Wrap

“As a result they most likely landed in a position where technical debt has now accumulated into a moral debt.”

“Ashi points out that this philosophy fails to question whether more is always better -- is more technology always better? Is technological development always good?”

Social Innovation Design

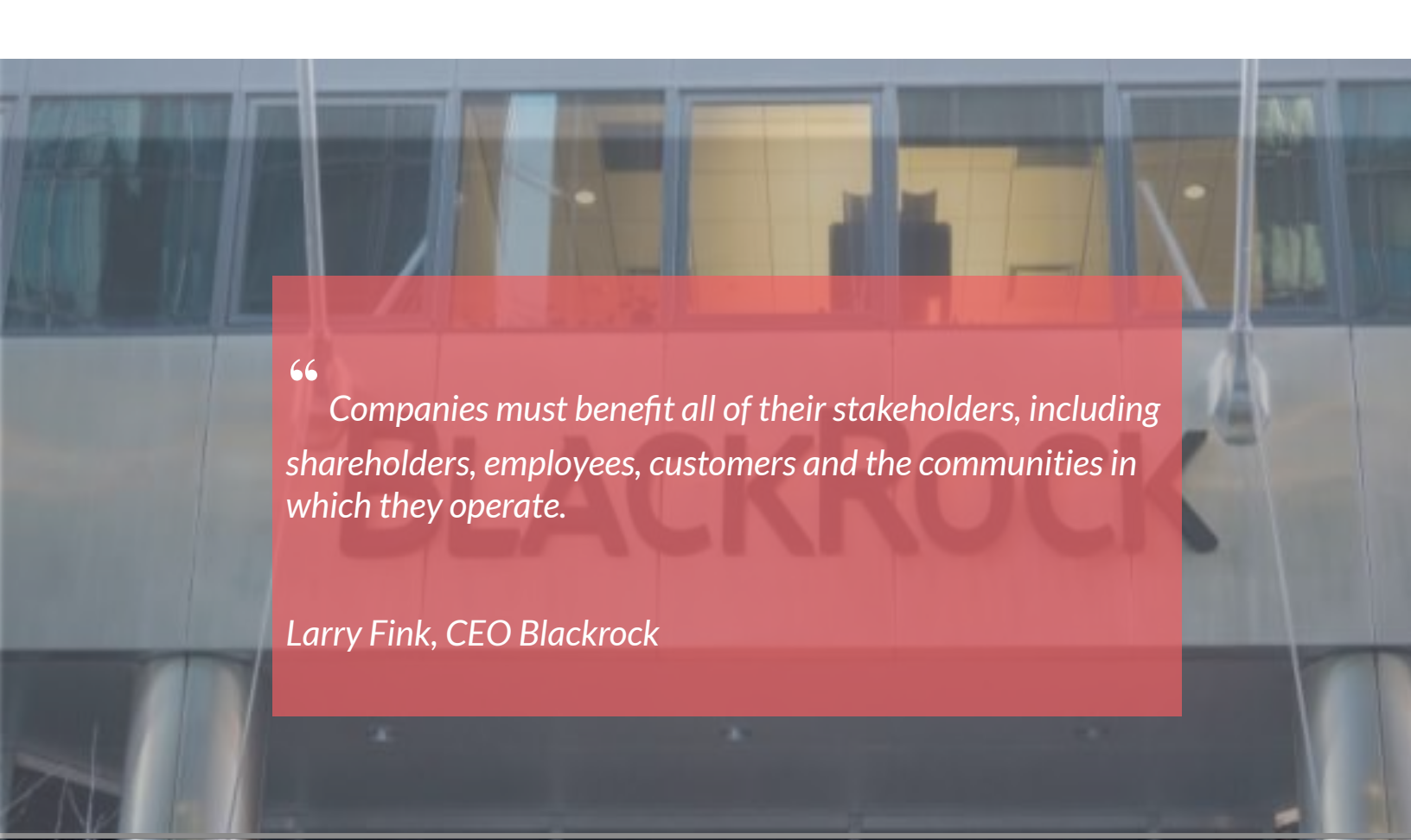
1. Stakeholders vs. Shareholders
2. Non Profits 2.0: New Best Practices
3. The Social Impact Gold Standard

Q: What is the purpose of a firm (eg. a startup)?

- a) Maximize profits for shareholders
- b) Maximize benefits for stakeholders
- c) What's a stakeholder?


Stakeholders

Employees
Customers
Shareholders
Your Community
Government
The Planet
Other???

A photograph of a modern building facade with large glass windows reflecting the sky. A semi-transparent red rectangular box is overlaid on the image, containing a quote and the name of the speaker.

“
Companies must benefit all of their stakeholders, including
shareholders, employees, customers and the communities in
which they operate.

Larry Fink, CEO Blackrock

A photograph of Marc Andreessen, a man with a shaved head, wearing a dark suit and a light-colored shirt. He is sitting in a chair, looking slightly to the right of the camera. A semi-transparent red rectangular box is overlaid on the image, containing a quote and the name of the speaker.

“
Our present society has been subjected to a mass demoralization
campaign for six decades – against technology and against life –
under varying names like “existential risk”, “sustainability”, “ESG”,
“Sustainable Development Goals”, “social responsibility”,
“stakeholder capitalism”, “Precautionary Principle”, “trust and
safety”, “tech ethics”, “risk management”, “de-growth”, “the limits of
growth”.

-Marc Andreessen, Andreessen Horowitz

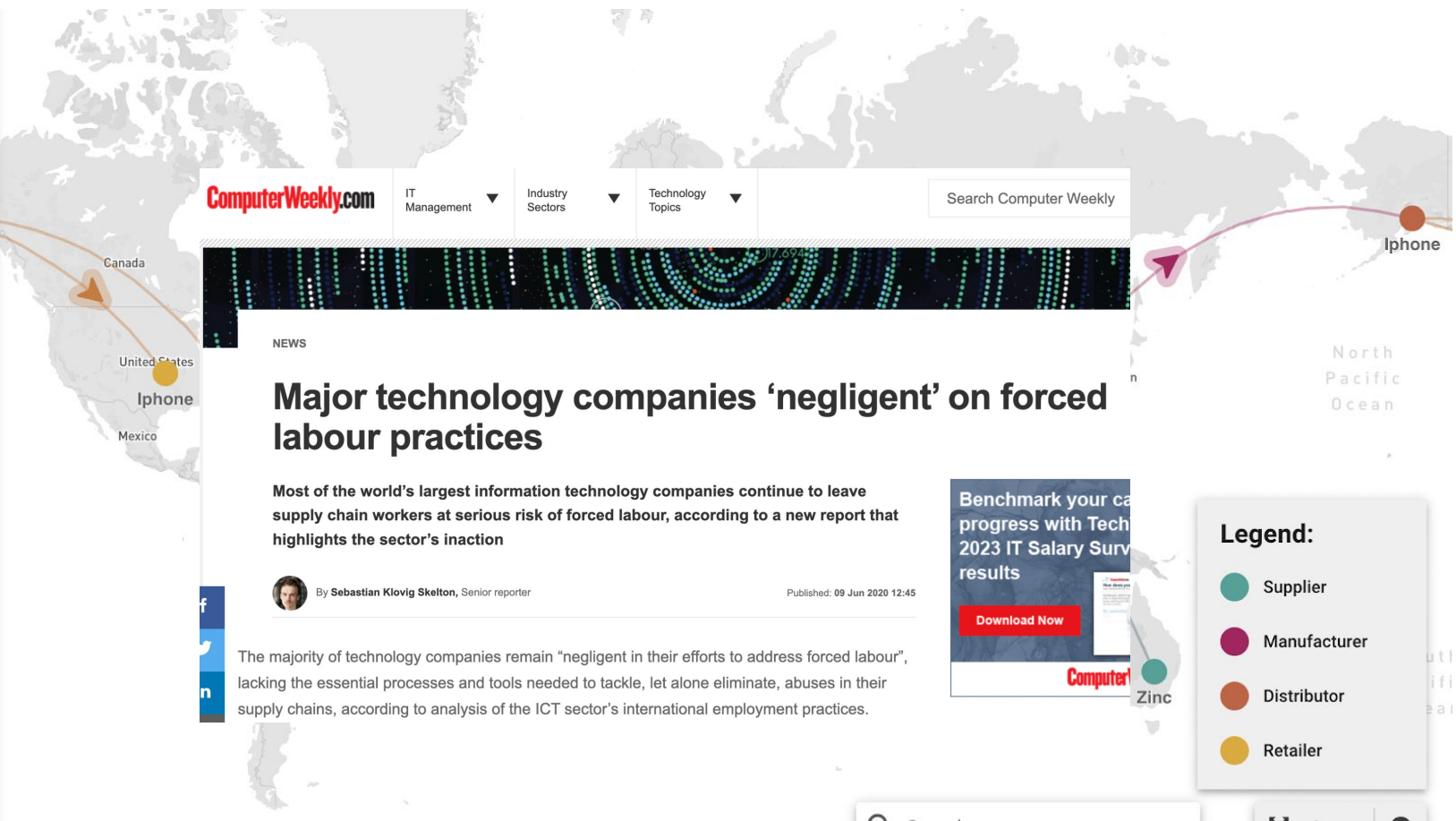
Creating stakeholder value

Shareholder vs. Stakeholder

Creating Stakeholder Value

Shareholder VS.

Customers
Employees
Shareholders
Suppliers
Community
Environment



Stakeholder value planning

- Identify stakeholders
- Articulate value
- Measure that value
- Managing conflict

Q: What is the purpose of a firm (eg. a startup)?

- a) Maximize profits for shareholders as long as it doesn't create externalities?
- b) Maximize benefits to all stakeholders as a vehicle for increasing value to shareholders?

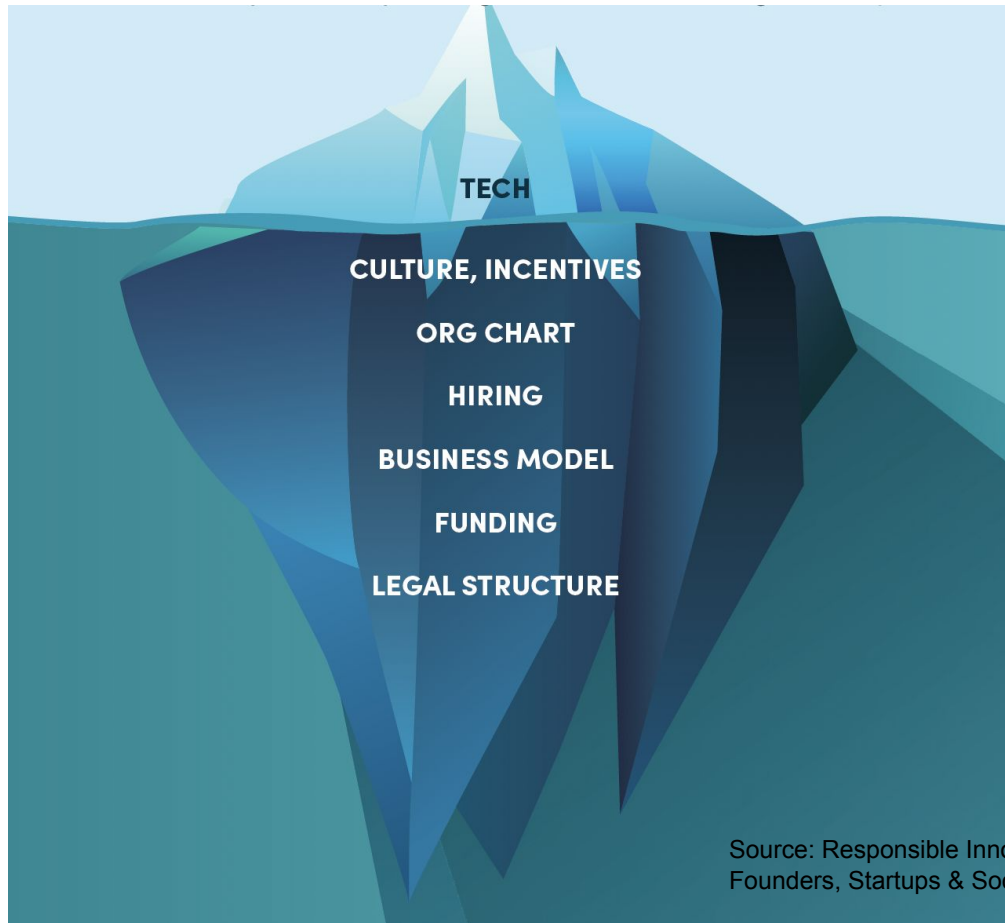
Dont fall for charitable giving



VS.

— Impact Stack —

Diverse Team
Sustainable + Product
Supply Chain + Production
Marketing
Distribution
Charitable Giving (CSR)



Source: Responsible Innovation Primer for Founders, Startups & Society Initiative 2021

Final Grades		Score
UC System	A	39 / 40
Harvard	B	33 / 40
Yale	C	24 / 40
Penn	D	18 / 40
Stanford	D	18 / 40
Duke	D	17 / 40
Princeton	D	14 / 40
MIT	D	13 / 40
UT System	F	3 / 40
University of Chicago	F	0 / 40

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"an entity's greatest responsibility lies in the satisfaction of the shareholders."

M. Friedman



USING
BUSINESS
..... AS A
FORCE FOR GOOD

MEET the B CORPS →

Logos included: Hootsuite, Klean Kanteen, BetterWorldBooks, Plum Organics, Method, RSH Social Finance, Ogden Productions, The Honest Co., New Resource Bank, Happy Family Organics, Patagonia, Living Arthur Flour, Etsy, Sungevity, Warby Parker, Rubicon, Seventh Generation, NewChapter, Beneficial State Bank, and Revolution Foods.

Thought Experiment!

All things being equal, would you rather invest your life savings in non bcorps or bcorps?



75%

of B Corps have a 9/10 brand rank, the most predictable indicator of revenue growth.

From CircleUp/Helio

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Corporation

New Best Practices for Non-profits

- Human-centered design
- Scalable, user-friendly technology
- Sustainable business models



Social Innovation for non profits too!



Using design and technology to deliver better services to the American people

\$400B v. \$45.5T

Leveraging Capital Markets

Can the tools and scale of the capital markets be used to address social and environmental issues?

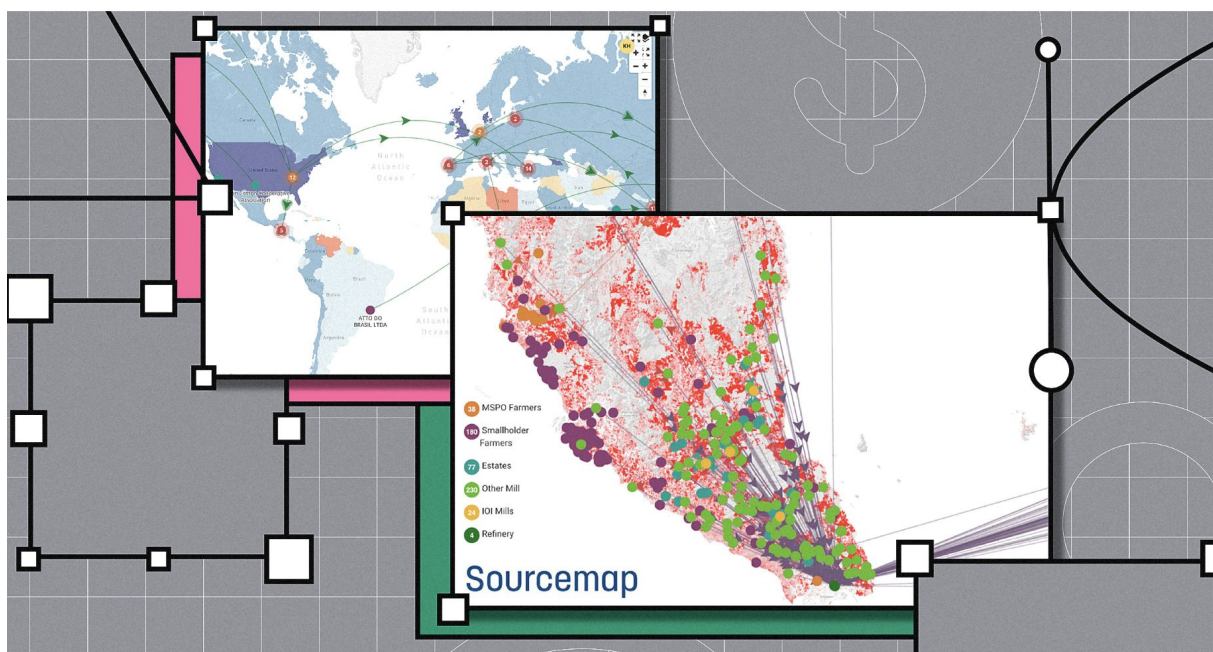
Social Impact Gold Standard

- Economic Unit (what you sell)
- Impact Unit (how you create social value)

Are the **SAME**.

This company maps supply chains to identify—and prevent—forced labor

Sourcemap's Forced Labor Due Diligence Solution is a winner in Fast Company's 2023 World Changing Ideas Awards.



TIME

The Best Inventions of 2022

← THE BEST INVENTIONS OF 2022

Making Supply Chains Transparent

Sourcemap



CORE ECONOMIC UNIT == CORE IMPACT UNIT!!



COMMUNICATIONS ATTENDANCE FAMILY ENGAGEMENT UTILIZATION OUR IMPACT MORE ▾

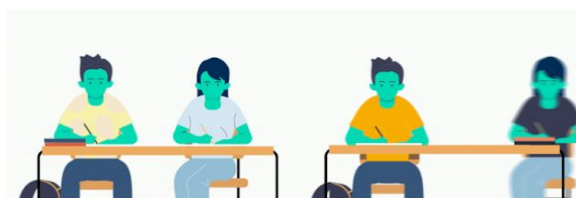
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Improve attendance and family engagement.
Anytime. Anywhere.

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Y3Accelerator

Meaningful Problem?

[Essentialness of a service] x

Social
Impact

~

[Vulnerability of target
Population] x

[Scale]



Silicon Valley startups are obsessed with developing tech to replace their moms

Biz Carson May 10, 2015, 8:13 AM EDT



Bain's 50% stake in Toms shoes shows faith in socially-minded business

The ethical shoe company is valued at \$625m despite selling a relatively dull product and giving half its stock away - does Bain's investment recognise that purpose can drive profits?



📹 Toms founder Blake Mycoskie says it will expand its social mission despite selling half the business to Bain. Photograph: Scott Melcer/WireImage Photograph: Scott Melcer/WireImage

What is the key to profit for the next generation of consumers? Bain Capital thinks it is purpose



eting
ollar

A business journal from the Wharton School of the University of Pennsylvania

KNOWLEDGE AT WHARTON

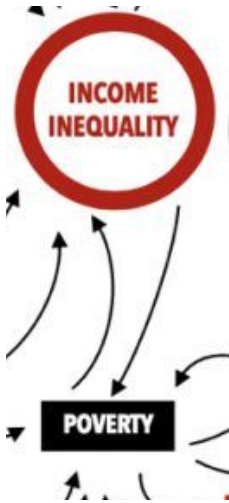
TOPICS ▾ SERIES ▾ ARTICLES PODCASTS VIDEOS FACULTY BOOKSTORE

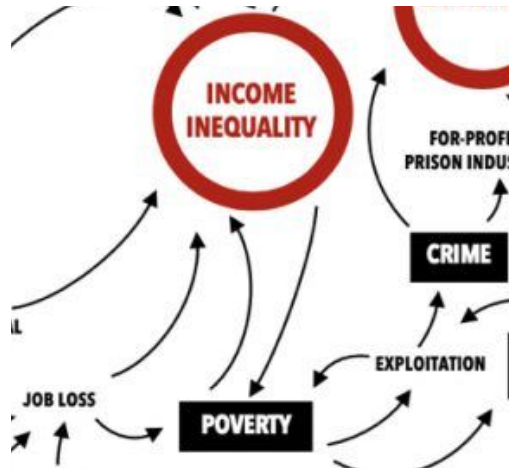
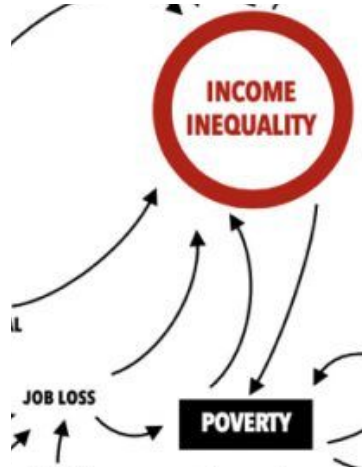
The One-for-one Business Model: Avoiding Consequences

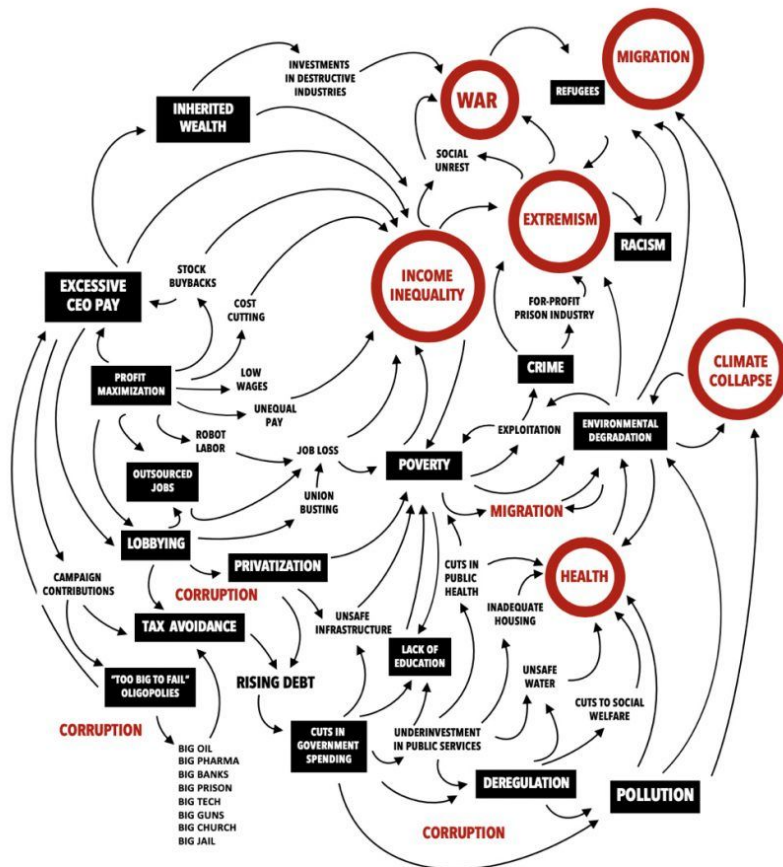
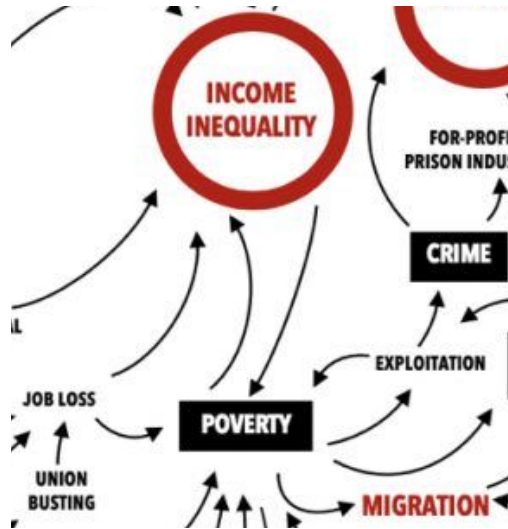
...questions have been raised about whether the social impact aspect works quite as well. Widmer and others say the model can create dependency, sap local initiative, kill demand for local businesses, and make developed world buyers of one-for-one products complacent about taking other action to address social needs.

February 16, 2011 • 14 min read

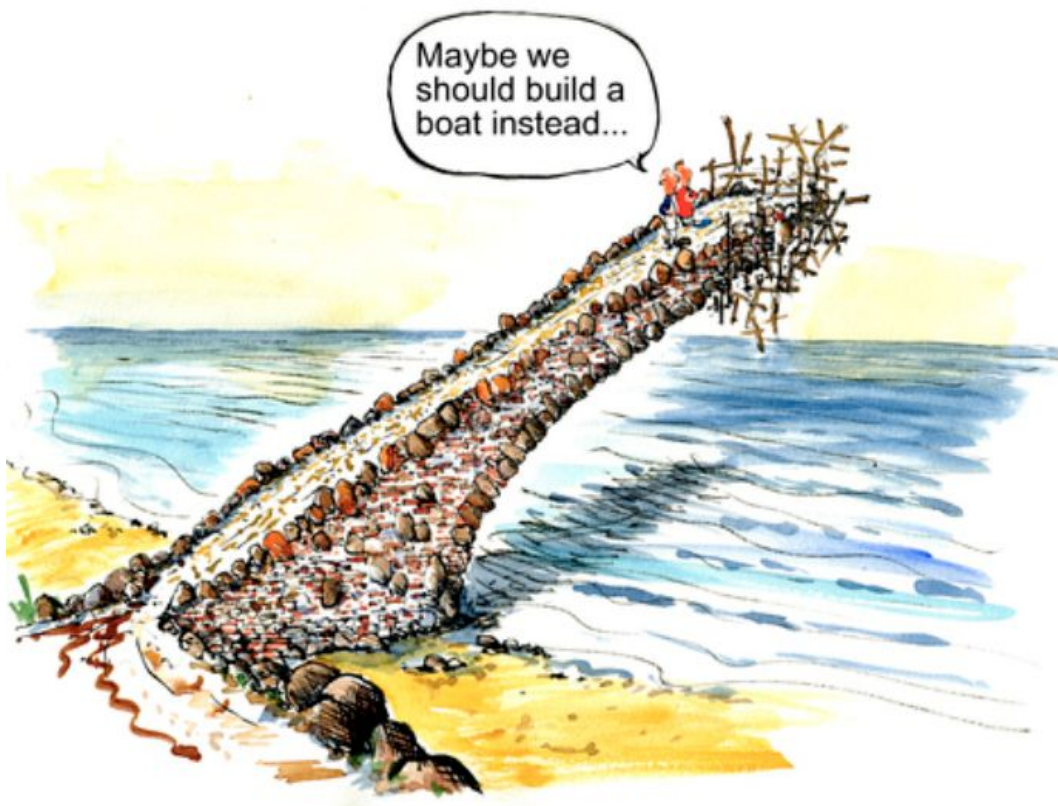
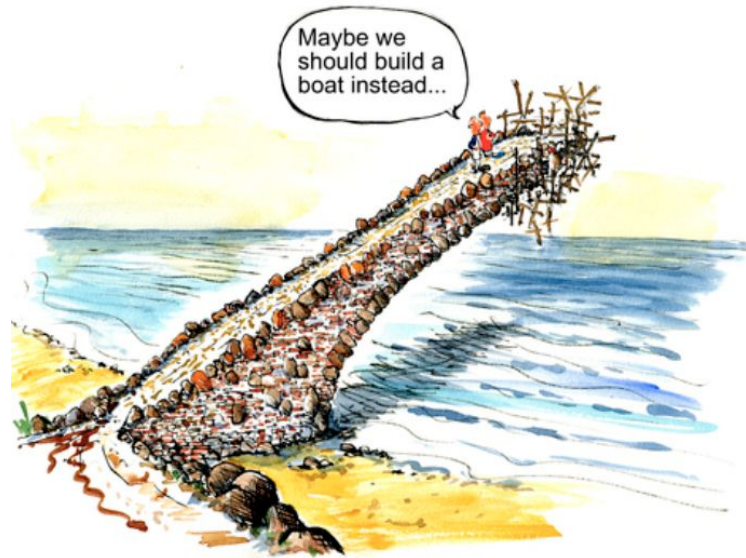
Companies that make everything from shoes to eyeglasses have implemented the so-called one-for-one business model — meaning for each product that is sold, someone in need gets a donation. Does that help or hurt the intended beneficiaries?







We have good intentions Why should think about impact?



Impact Case Template

1. The problem of X is important because ____
2. Our solution to address this problem is Y.
3. We believe Y is a good solution because ____
4. We will measure N to prove that Y is a good solution to X.



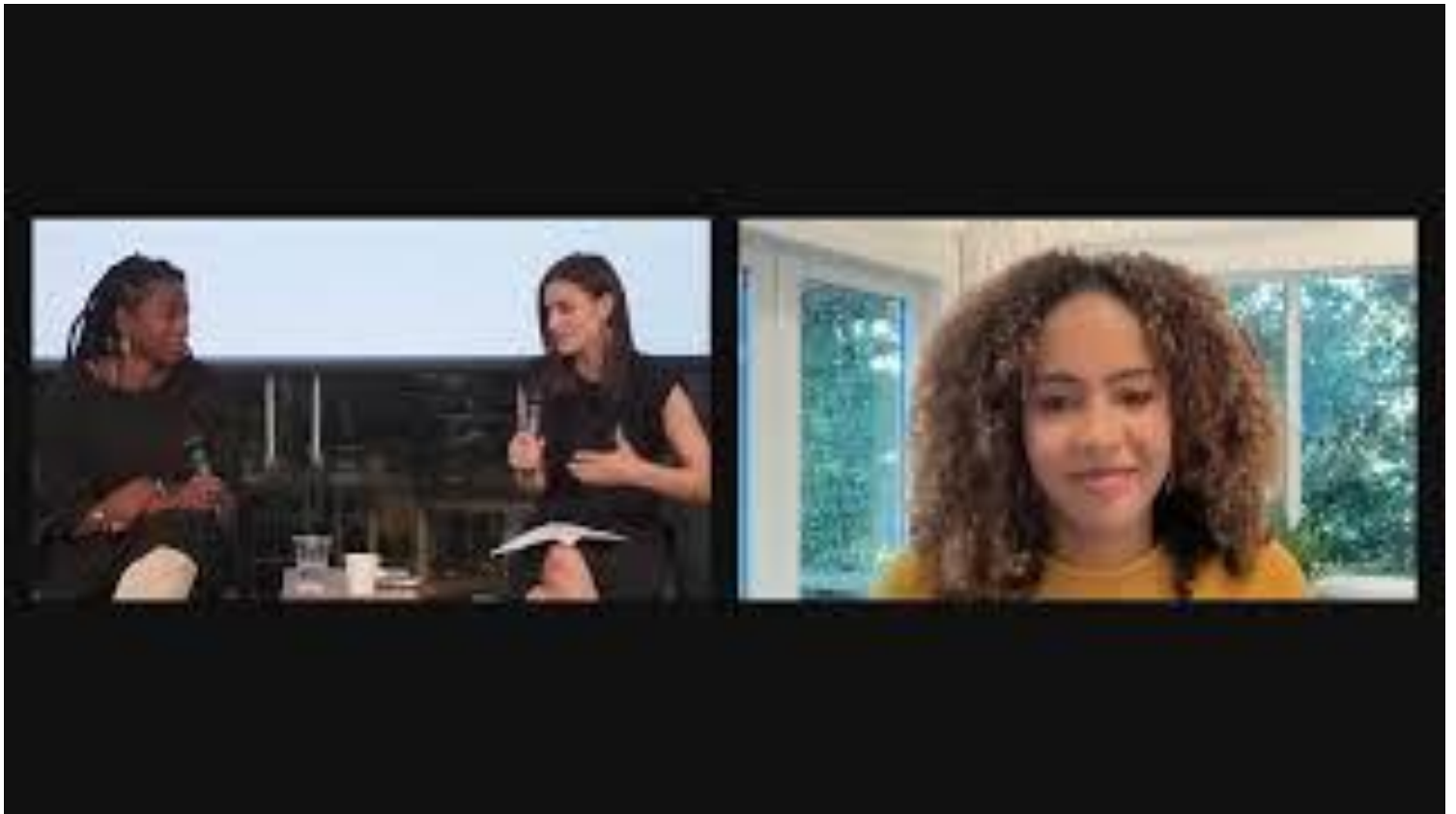
03-02-23 | PREMIUM

This startup has raised \$600 million to give lower-income Americans better healthcare

Valued at \$6 billion, Cityblock Health is improving health outcomes for marginalized communities.

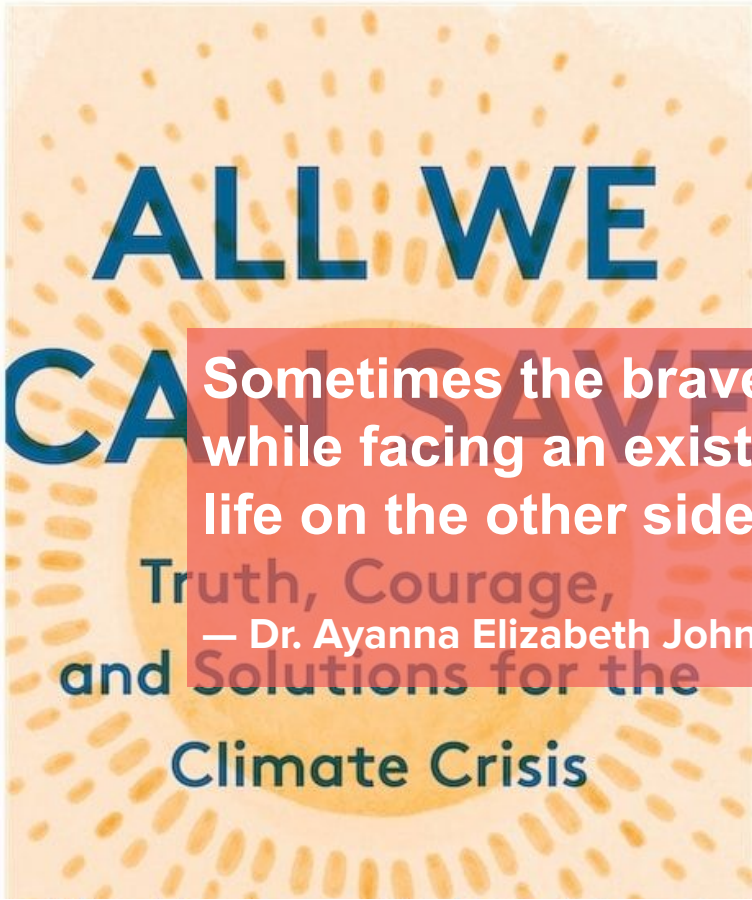


Toyin Ajayi Cofounder and CEO, Cityblock Health [Photo: Emma Trim]



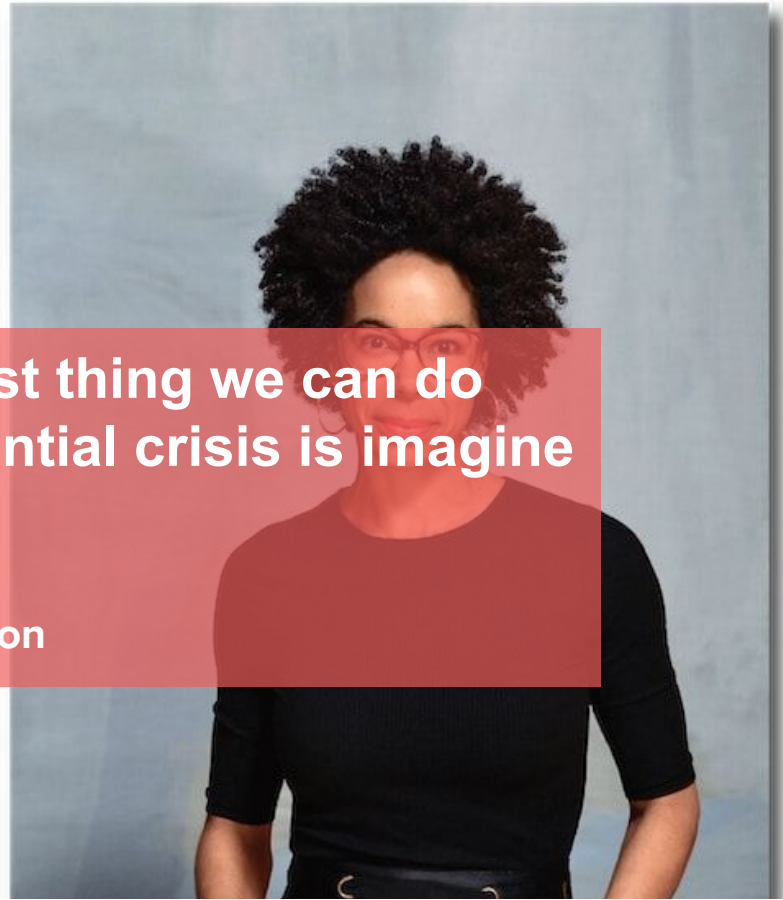
We are in a mess, you know; we have to get out, and only the archaic definition of the word "dreaming" will save us: "to envision a series of images of unusual vividness, clarity, order and significance."

— Toni Morrison



Sometimes the bravest thing we can do while facing an existential crisis is imagine life on the other side"

— Dr. Ayanna Elizabeth Johnson



Hey you! A challenge! How can we ensure that technology creates a more just and prosperous future for everyone?



Thank you!
lresner@mit.edu