



MBA STUDENT EXPERIENCES AT A VENTURE PHILANTHROPY FUND

CASE STUDY JACANA VENTURE PARTNERSHIP

The EVPA Knowledge Centre is kindly sponsored by Natixis



EVPA is extremely grateful to Fondazione CRT, Noaber Foundation, Invest for Children and Impetus Trust for their generous support



Published by the European Venture Philanthropy Association
78 Avenue de la Toison d'Or, 1060 Brussels, Belgium

Copyright © 2010 European Venture Philanthropy Association

Email : info@evpa.eu.com

Website : evpa.eu.com

Commissioning Editor: Rob John

Editor: Andrew Milner

Design and typesetting: Transform (transform.uk.com)

This is one of a series of papers which explores how business schools and their students or alumni can work with venture philanthropy funds in ways that benefit both. In each case, the intern or consultant applies skills learned seminars and lectures to a particular task for a venture philanthropy fund. Both parties discuss the experience and highlight what they learned, how they benefited and what challenges they had to confront.

The papers are published under the aegis of the EVPA Knowledge Centre and are part of its commitment to provide relevant and accessible research and information to EVPA members and the venture philanthropy community in Europe.

Other papers in the same series:

Noaber Foundation

EVPA is a fast-growing membership association supporting and promoting venture philanthropy across Europe. EVPA supports its members by providing a forum for mutual learning, data and research on venture philanthropy, and training programmes on topics relevant to all stages and activities of a venture fund.

The EVPA Knowledge Centre is the hub for European knowledge and thought leadership on venture philanthropy.

The Knowledge Centre:

- acts as the virtual hub for all exchange relating to the practice and study of VP;
- coordinates or commissions research and data collection on VP practices in Europe;
- nurtures, develops and disseminates the practical knowledge of VP through publications and training courses.

BACKGROUND

Founded by Stephen Dawson and Lord Joel Joffe, former Chair of Oxfam, Jacana Ventures is a new initiative which will support the emerging venture capital industry in Sub-Saharan Africa, which in turn will promote the development of SMEs as an important instrument of poverty reduction.

The idea that led to its formation began to take shape when Joel Joffe and Stephen Dawson met at a conference in early 2008 and had a conversation about using business for sustainable development. Joffe, who had a lot of experience in philanthropy, had come to the view that giving was in the long run not sustainable and didn't achieve all that it might, and had begun experimenting with venture capital, a field he didn't know well. According to Stephen Dawson, 'he was coming from the philanthropy side, moving towards a VC approach. My experience had been the reverse of that and we met in the middle.'

THE TASK

The two men agreed to commission a research exercise to investigate who was doing what in the region in terms of venture philanthropy and social venture capital and decided to take on someone for a three-month period specifically for this task.

How did the relationship come about?

Recruitment was on a fairly informal basis. Stephen Dawson contacted people he knew to ask them for recommendations. Besides Rob Pettit, then a Skoll scholar at the Saïd Business School in Oxford, who was recommended to them by Rob John, he recalls that they also looked at someone else from Skoll and someone that Stephen Dawson had come across who'd worked in Africa on the NGO side. Rob Pettit, he said 'came out very strongly' – he had the relevant experience through his course and through previous involvement in Africa (see below) and he had a keen interest in venture capital. Practically, another important thing was timing. Rob Pettit was just finishing his MBA, he had some time and as Dawson puts it, 'could get stuck in very quickly'.

Rob's interest was in markets that are less developed because he felt there was an opportunity there to add significant value and bring about meaningful change, to a degree that would not be possible in Britain or the US at an equivalent level of experience. In other markets, the rules are not necessarily in place, and there is a shortage of talent in many sectors since training opportunities are limited and the sharpest minds often migrate abroad. And then, there is the excitement of a new venture. As a student and before beginning his MBA, he'd been in Kosovo just after the war had ended. 'International relief groups were coming in, businesses were coming in and it was really exciting.' He had wanted to work in the Balkans after graduating, to participate in that excitement, but for work-visa reasons found this to be difficult. Instead, he found an outlet for this interest in Africa and took a short-term position in Cape Town with a microfinance lender. Rob later took a job managing African relationships for a US-based merchant bank in order to build on this initial experience.

It was at Saïd Business School that he developed his interest in private equity and its use to meet development agendas that were not being met through traditional aid. He'd belonged to a Social Entrepreneurship club at Saïd, and Rob John had contacted the heads to ask if anyone was interested in a consultancy for a start-up venture. Rob Pettit then contacted Stephen Dawson and Joel Joffe in May of 2008. It turned out that their project was meeting sustainable development goals through the market, which was in line with his research and his interests and 'what I'd planned to do anyway, but here was the opportunity to do it with the support and backing of two extremely talented, highly-credentialed and well-networked individuals who were truly thought-leaders of the industry.'

Rob then met the two and had what he terms a 'normal one-hour interview' in which he'd talked about his interests, his experience, his views on social investments, etc. After that, the two had conferred and told him there and then.

The terms of the relationship

The initial relationship was for three months to conduct the mapping exercise – looking at the market for social venture capital, SMEs and venture philanthropy in Sub-Saharan Africa. Its basis was a simple form of contract, Stephen Dawson recalls an exchange of letters defining the specification and the deliverables, agreeing the money side, and setting regular review points through period of the contract.

Rob Pettit did most of the work of the mapping exercise, drawing up a list of people who were significant actors or well placed in the field, and then conducting interviews with them. The results of this had been a paper describing ‘what’s being done, who’s doing it well, what such-and-such a model can and can’t do.’ Mostly he worked alone, doing telephone interviews and producing three monthly reports for the principals.

However, he and the two project principals occasionally did interviews together with key people. During this time he would see Stephen Dawson ‘once a week or so’ and Lord Joffe less often. It was what Stephen Dawson described as a ‘pretty interactive process’ in which he and Rob would feed back to the other if they had had an interesting conversation. As well as the fairly informal weekly conversations, there were more formal review points, agreed in advance, at which both Stephen Dawson and Joel Joffe would be present.

Development of the original consultancy

But Rob’s involvement with Jacana (as it was to be called) developed beyond the terms of his original engagement. As Stephen Dawson remarks, ‘we were testing out hypotheses as we went through as to where gaps were.’ This led to a reshaping of the original idea and, by the mid-point review, believes Dawson, they were starting to work on where they might get involved, and testing these ideas out in second half of period.

Rob Pettit’s involvement therefore changed and he was retained for the second stage, as what had been a market study developed into drawing up a business plan then the beginnings of the business. The task of the mapping exercise had been clearly-defined, with clear deliverables. In the second phase, this was much less the case, with Rob becoming involved in a greater range of tasks and doing what he termed the heavy lifting work.

Did this pose any problems? Neither party believes it did. Both sides were happy with each other. Both principals felt that the quality of what Rob Pettit had done in the first phase was high, while, for his part, the continuation of the relationship was ‘a happy surprise’ and he wanted in any case to do something ‘in the private equity space or something entrepreneurial within a developing markets context’. In practice, too, feels Dawson, Rob was already working on the second phase (the development of a specific proposition and proposals for implementing it) even before this formally began, it was clear that he was keen to get involved and there was a ‘seamless transition from research to implementation.’

What both sides got from the arrangement

For Rob Pettit, the experience of sitting next to people like Stephen and Joel and others in the team who had such a breadth of experience in venture capital, philanthropy and development is not easy to quantify, but is incomparable. For instance, ‘you learn from them the way they see and analyse things and how they understand if a company or project could scale.’ They also provided access to people he would have had a much more difficult time speaking to. And then the project was right in line with his interests and had thus been an extension of what he learned during his MBA.

Another factor contributory to his learning a lot from the consultancy, he believes, is that because it was a start-up, he did a little bit of everything, instead – as might have happened if he’d worked in a more established company - of being responsible for one aspect of one deal. Dawson and Joffe had let him go with things. ‘I was expected to propose and justify something and then they’d say “yes, go ahead and explore it” or “no, let’s try this instead”’. And though it wasn’t a specifically mentoring exercise, they were

such good mentors, he feels, that ‘maybe even the noes felt like yes - “We hear what you’re saying. There’s parts you’re probably right on but lets tweak this and then try it”’.

From the other side, Rob ‘certainly contributed relevant experience,’ says Stephen Dawson. ‘He had worked in Africa, had a knowledge of VC and good general business knowledge.’ He was very good at the research stage of ‘going out, asking questions and drawing conclusions, tracking down key people,’ and had what Dawson describes as a ‘terrier-like quality of perseverance...he had great flexibility and was good on both the practical and strategic sides.’

In addition, the principals had recognised at the outset that, while there was an immediate need to carry out the research task, ‘if things went beyond that, they might have need for ongoing help’ and although ideas were vague initially, both recognised that Rob was ‘potentially a better match for the follow-on phase,’ than other serious candidates who would ‘not necessarily have ability to pick up and run’ in that phase.

The use of a business education

How useful was Rob Pettit’s MBA experience in the Jacana setting? Did the experience confirm and develop what he had learned as a student? In effect, the ideas he’d developed in his MBA led him directly to Jacana. He describes the Oxford MBA as unique in its mix of business and development issues and says it had ‘made him think about trade-offs and opportunities around social investment and what social investment means.’ In discussions with the four other Skoll scholars in his year, he had developed the view that, for most projects to be sustainable and scalable, they need to be commercial.

The experience of working on Jacana as a start-up had focused what he’d learned but, he added, working at practical level ‘opens up different cans of worms.’ In theory, ‘you say “of course this is the answer”,’ but putting this into practice involves not only the work to do so, but grappling with the problems entailed on implementation.’ As an example, Rob recalled arguing in his MBA coursework that subsidized risk-weighted returns would ultimately harm the appeal and sustainability of “social” investing. In the course of his work on the Jacana project, however, Rob says he came to believe that some element of subsidy is quite often required—the trick, he says, is in how and where that subsidy is applied.

From Stephen Dawson’s point of view, there are clear merits in having someone with a business school background for consultancies of this kind and for internships. ‘What you get,’ he argues, ‘is people who are interested in a particular area, and you also get more generic skills from people having been through an MBA with elements of research, of analysis, of business skills – the kit bag of skills that are part of package.’ You also get, he believes, ‘enthusiasm, energy, almost curiosity to find out about a new area and master it quickly.’

Generally, he feels, he would take someone with business studies background against a graduate in social sciences because of VP’s business-like approach. Business studies is in a sense vocational and its students, he believes, are more motivated, because the work is relevant to their course and therefore their career.

Advantages, drawbacks and lessons learned

Were there any negative aspects to the experience for Rob Pettit? Very few. Since the role didn’t have a set schedule and didn’t involve a normal office routine, it didn’t accustom to him to dealing with colleagues and routines. The positive side of this flexibility was that he was able to make time for lectures, and so forth and was able to schedule meetings virtually any time during the day, things he feels he would have had ‘a hard time justifying in a normal firm.’

Rob is also unsure how big companies would see his experience. On the one hand, they ‘might say “what a self-starter” or they might say “this guy’s not fit for big organisation like us”.’ If he’d wanted to go for a high-salaried job with a large, established company, Rob feels that the Jacana project wouldn’t necessarily be the best experience. But that was never his goal.

What would he tell others in his position wanting to, or about to, undertake something similar? Above all, think about who you're working with. In his case, the backers were 'such credible and capable people,' and that was crucial to the success of the relationship. He would also add the caution that an individual would have to be flexible and comfortable with working in what he calls an 'ambiguous situation with respect to what they're producing and where it might take them.' With something like Jacana which is in its formative stage, 'things won't necessarily go in a straight line,' he explains and 'you won't for instance know what the cashflow would be in 18 months.'

Stephen Dawson acknowledges that there was in this case (and would often be in general) a good deal of luck involved in getting the right person at the right time. The odds were improved by having Rob John make the introduction, and his role had therefore been very significant. 'If you're just starting cold, you see a CV and don't necessarily get any individual judgement from someone else. You therefore depend on the reputation of institution to a large extent – which has varying degrees of value.' Projects of this nature are usually relatively short, and he feels therefore that organisations don't necessarily spend a lot of time making an assessment and consequently can easily make the wrong choice, or have unrealistic expectations of what can be achieved.

Overall, feels Dawson, the chief things he learned from the experience were to be very clear what you are looking for and be realistic. The more specific you are in terms of skills and experience, the harder it is to find a match. 'Rob met a good proportion of our requirements,' he said, which may be as much as you can reasonably expect. 'Don't be too specific, because you may well be disappointed.'

Would he repeat the experience? There is no immediate need but, 'it could certainly be useful supplement for us as our plans develop,' he acknowledges. Having had a positive experience with Rob Pettit, Jacana might in the future 'have projects for someone with that sort of background.' Impetus, he notes, uses interns and generally he has had good experience with interns from business schools.

For further information
on the organisations
mentioned in the text:

Skoll Centre for Social
Entrepreneurship
www.sbs.ox.ac.uk/skoll

There is, as yet, no website
for Jacana Venture
Partnership.
For more information on
the organisation, contact
Stephen Dawson at
Stephen@impetus.org.uk