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## BEYOND THE LEMONADE STAND: SUSTAINING A NEW SOCIAL VENTURE

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*Anthony Wilson-Prangley and Gretchen Wilson-Prangley wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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*Version: 2018-03-19*

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Thokoza Mjo drove out of Alexandra Township, Johannesburg, South Africa, on a winter afternoon in August 2016. She had spent the afternoon running an entrepreneurship workshop with high school learners for the organization she founded two and a half years earlier, Beyond the Lemonade Stand. Beyond the Lemonade Stand focused on enabling teen entrepreneurs through advisory work, access to markets, and project execution.

Mjo was exhausted and frustrated by the challenges of working in Johannesburg's townships. For the last few years, she had successfully run a number of projects, but she questioned whether she and her organization could sustain themselves serving kids in these tough urban environments.

The sky was blue and the sun was in her eyes as she turned for home, reflecting on the organizational and personal implications of the immediate choice she faced. Mjo thought to herself, "Maybe I should focus less on the poor townships and more on functional middle-class and private schools where there is a huge demand for my services and funds to support it." This choice would cut deep into her value system though, requiring her to reflect on what was most important going forward.

### AN ENTREPRENEURIAL CHILDHOOD

Mjo was born in 1983 in Ezibeleni, outside Queenstown, Eastern Cape, South Africa. It was the height of apartheid, a legal system of enforced racial segregation and oppression. It was a violent time across the country as the authoritarian white minority government suppressed democratic social movements and political parties. Black people had few rights: they could not own land, their education was limited, and they were denied the right to vote.

Mjo's father was an insurance broker, her mother a nurse. From an early age, Mjo watched her parents strive against the odds for a better future for themselves and their family despite the challenges in society. When Mjo was nine, South Africa began to change politically and socially for the better. The walls of apartheid began to come down, Nelson Mandela was released from prison, and laws began to change. Mjo

was among the first group of black children to enrol in a boarding school that had historically been exclusively for white students.

When Mjo was a teenager, the family moved to the small nearby village of Dordrecht and her mother relocated to Cape Town to study psychiatric nursing. Mjo was left at home with her father and two younger siblings. She had to take on greater responsibility for her younger sister and brother. She felt an internal impulse to step forward and do what needed to be done.

Mjo was a good student and enjoyed studying. As far back as she could remember, she always had an entrepreneurial streak. In high school, she and a friend ran a small tuck shop (small convenience store) selling sweets and biscuits to other students. In the boarding hostel, the students were only allowed to go shopping once a week, but Mjo had such demand for her stock that she and her friend would change out of their school uniforms, put on ordinary clothes, and sneak into town. She recalled that “the thrill of getting away with all of that and never getting caught was addictive.” And Mjo learned that, sometimes, rules needed to be broken in order to respond to the basic realities of people in need.

With her good marks from high school, Mjo was accepted to the University of Pretoria, one of the continent’s leading universities, to major in accounting. “When I matriculated, my dad lost his job as an insurance broker. At the time, my mom was a psych nurse. In order to pay for my varsity fees, and put my 14-year-old sister and 10-year-old brother through school, they decided my mom would move to Dublin, Ireland, to work as a nurse.” Mjo’s mother would be paid better in Ireland and could send money home.

Mjo knew she needed to succeed so she could also help her younger siblings and family. She was not nervous about her ability to excel at varsity, thinking, “I cruised through high school; surely I can handle varsity.” But the reality was different: university was much more difficult. The move from a small town to the big city was difficult for Mjo to manage. Through most of her first year, she was enthralled by the pull of parties on and around campus. She often skipped classes, assuming she would be able to easily pull everything together at year-end, but Mjo had a rude awakening when she failed her first year of accounting. “There was my mom in Dublin, working hard as a nurse to pay my university fees, and I was pissing it all away.”

## ENCOUNTERS WITH SOCIAL ISSUES

In her second year, Mjo changed course and decided to specialize in informatics, which combined computer science and commercial subjects. She managed to pass her first year and found her study rhythm. She worked hard and graduated a few years later. Then she did her honours, an optional fourth year of undergraduate study, with a focus in finance. While completing her honours, Mjo managed to start two new businesses with friends. The first was a clothing brand and the second was a café and shop for an office block where Mjo interned during the holidays.

Also during her honours year, Mjo encountered Crossroads Kids Shelter, a non-profit organization working with street kids. The head of the project mentioned that what the boys needed most was someone to spend time with them. “I didn’t have money, and I had no boys’ clothes to donate, but I had a lot of time, so I started volunteering,” Mjo recalled.

“Initially, my idea was to just go and hang out on Saturdays,” she said. “The shelter’s intention was rehabilitation and [sending] the boys back to school, but I soon realized that the schools were not set up to deal with the complexities of boys who had lived and worked on the street for many years. Some boys were 17 and simply chucked into a regular grade 11 class. So a lot of boys struggled.”

Seeing an opportunity to help, Mjo recruited retired teachers and peers from her church to start a tutoring program, offering basic numeracy and literacy skills. “If you can survive on the streets, you are very smart,” Mjo said. “So a lot of the boys caught on very quickly. But they couldn’t connect the importance of completing high school with their future career prospects. The only jobs they had seen first-hand were police and security guards, and they were not interested in those jobs.”

So Mjo began an informal career guidance program, asking young professionals to share their stories. “[N]ow the boys could see how applying themselves to their studies could help them become a graphic designer, or marketer, or whatever,” she said. The career guidance program grew, expanding into other centres working with young people at risk, such as girls who had been abandoned or abused. Over the next three years, Mjo worked for the project as a part-time volunteer.

### **FROM FINANCE TO YOUTH DEVELOPMENT**

In January 2008, Mjo started her first formal employment, working at the International Finance Group, an asset management company in Pretoria. Mjo had never envisioned herself behind a desk in an office job in a large corporation, so the International Finance Group appealed to her as a small company that did not have the trappings of corporate life. It was still a desk job, but it offered more creativity than a large corporation could.

In 2009, Mjo met Jonathan Cook, a senior lecturer and director at the Gordon Institute of Business Science (GIBS), and started volunteering with the GIBS high school leadership program, Spirit of Youth. Cook then told Mjo about the social entrepreneurship program at GIBS, a six month, part-time course that inspired and equipped social change makers.

Although the course could be studied part-time, when Mjo reflected on her first career moves and the volunteer work that gave her life meaning, she knew she wanted to quit her job and find full-time work in the social sector. She had already sent her resume to a number of organizations, but without a positive response. The GIBS course provided Mjo with a way to justify leaving work without seeming irresponsible. She hoped the course would help her better structure her ideas for a youth empowerment initiative that would create a positive social impact.

Mjo faced a turning point in her life and a dilemma. She had saved enough money to move to Johannesburg and pursue her new career dream, but she wondered how she could tell her parents that she was leaving the security of her full-time office job without devastating them. Mjo had been sent to the best schools—well beyond what her parents could afford. They had sacrificed everything to make it happen. She was set up to climb the corporate ladder. In South Africa at the time, the pressure on a new generation of young black middle-class professionals was especially intense. They were expected to contribute financially toward a range of immediate and extended family commitments. Mjo’s employment provided her family with a way out of ongoing financial stress. If Mjo quit her job, her mother would need to stay in Ireland longer to earn an income and support Mjo’s siblings.

In late 2010, Mjo made the difficult call. She quit her job and enrolled in the GIBS social entrepreneurship program. She recalled thinking, “I am going to find work in the youth development space. That is where I feel most alive. I know this from my time at Crossroads.” But when Mjo told her mother, she was livid. “What are you doing!” her mother had exclaimed. Although her parents were upset, Mjo pointed out to them, “You raised me to believe we are here to serve a purpose. I am practising what you taught me.” She recalled thinking, “Am I going to make choices because I am afraid or because I have been called to pursue something bigger than myself? If you step out in faith, God will come to meet you.”

A short while later, Mjo sat in the GIBS classroom on the first day of class in early 2011 with about 50 other new students. There were many new concepts being discussed. The first class focused on the concept of social entrepreneurship. There was some nervousness, but generally, it felt good. It felt right. “I felt like it was a clean start . . . a little bit exhilarating and an opportunity to pursue what I really enjoyed and what I was made for,” she recalled. As a student again, Mjo could think properly about her next move without any pressure. She knew what she did not want for her life; now she could pursue what she wanted.

Mjo was new to the idea of social entrepreneurship but something about it drew her in. She had only an idea of what was involved in the youth development field, but she had some brief experience starting a number of small businesses. She had also mentored young people for a number of years. She wondered if she was in the right place, and if she was how she might even begin to start a new social venture.

### FINDING THE PATH

The course comforted and reassured Mjo. This was a recognized formal path of study and it gave Mjo time to think through her first steps in the social sector. The course also showed her that she was not alone, and exposed her to a range of new ideas in social entrepreneurship and non-profit leadership. Mjo gave herself the year to find her direction, but as the end of the year approached and the course finished, she did not feel ready to launch her own venture. Therefore, Mjo applied for a number of positions in the youth development field to gain more experience.

None of the organizations she applied to replied. The end of the year came and went. Time passed. Then in early 2012, Mjo heard back from Junior Achievement, a well-respected organization that ran entrepreneurship support programs for young people. Junior Achievement would employ Mjo on contract as a part-time facilitator. She could now buy groceries and basics. Then Mjo found other short-contract facilitation work. This was progress, but she barely managed to pay the rent. Nothing was solid. But as another year passed, Mjo learned a few things and was gaining some respect in the youth development field. She still believed she was on the right path and her faith guided her, but she also still occasionally worried about letting down her parents, who had invested so much in Mjo’s education.

Then in 2013, Mjo got a break with the opportunity to run career guidance for the Maths Centre, a well-known organization that ran high-quality support programs for mathematics and science education, mostly in schools. Mjo loved this work and she found meaning and value in the workshops. It built on volunteering work she had done while in university. The students had so little exposure to different careers; they only knew about the people they saw around them—nurses, policemen, and teachers. Mjo could make a real difference and significantly broaden the students’ horizons.

One of the ways she did this was to organize a number of visits to diverse large companies to show students what the world of work was really about. But these did not always go well. On one visit to a top law firm, the first 30 students hungrily took all the food that was intended for 100 students. Then a group of girls somehow blocked the toilets. A plumber had to be called. It was all very embarrassing for the learners and for Mjo.

Mjo realized in moments like these that the broader situation students faced was dire. Their needs were extensive, including food, books, transportation, and help understanding the informal rules of the world of work. She would often react spontaneously to these needs, taking the money she earned and spending it on supporting the poorest children. “There were so many needs, and I wanted to meet all of them,” she recalled. She was trying to be strategic about her impact but often found herself reacting to the immediate needs of her environment.

As the end of 2013 approached, Mjo realized she had spent three years in the social sector. In some ways, she was still no closer to a clearly identified path, but in another way, she was learning about a range of challenges and possibilities for impact. When a number of the young learners came to her to say that they wanted to apply for further studies but did not have the money, Mjo had an “aha moment.” She began to dream of an entrepreneurship program through which the young students could earn an income. This would help them to study further. Mjo had run her own successful tuck shop in high school and then run two businesses at university. She wanted to draw on this experience and provide a platform for others to learn to support themselves.

## BEYOND THE LEMONADE STAND

In early 2014, Mjo registered a non-profit company, Beyond the Lemonade Stand. The name pointed to Mjo’s passion for using entrepreneurship projects to help students learn how to run a business and realize their true potential. This initiative was hugely needed in the country. Despite South Africa’s high unemployment rate, the rate of entrepreneurial activity was very low. Entrepreneurial intentions in the African region were more than three times higher than in South Africa.<sup>1</sup> Higher levels of entrepreneurship were seen as a way to create jobs and build the economy.<sup>2</sup>

The first program Mjo created was based in high schools. Participating learners would run a business and sell their products to the rest of the school. The businesses were prescribed by Mjo and included a gift shop, stationary store, and book store. “In the first week, 30 kids signed up,” she remembered. “All the kids were initially excited, but then in the second week, they had to find clients and sell things. . . . [T]heir friends were not flooding the stalls anymore. And I lost half the group.”

Many of the students who signed up were academically smart. The business was the first thing they had struggled with at school, and it was a struggle on a very public stage, in front of their peers. The students could not manage the embarrassment created when non-participating students harassed the participating learners and laughed at them. After a few weeks, the participating learners would give excuses, such as, “I have to quit. My mom does not want me to do this.” But Mjo knew the learners’ decisions had nothing to do with their parents; rather, their decision was a result of peer pressure to conform and fear of public embarrassment.

This feedback tested Mjo’s assumptions. She realized that “people don’t care about an idea; it means nothing.” Mjo had to abandon her innovative ideas and begin to identify and focus on the real problems and how she could solve them. While thinking through her next steps, Mjo continued with the career guidance work, but this was proving less and less satisfying because her participating learners could not access the funds to study further. After four years along this new path, Mjo realized that her passion and skills were truly in developing young entrepreneurs, despite its challenges.

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<sup>1</sup> Mike Herrington and Penny Kew, *Global Entrepreneurship Monitor: South African Report 2015/16*, May 25, 2016, accessed September 27, 2017, [www.gemconsortium.org/report/49537](http://www.gemconsortium.org/report/49537).

<sup>2</sup> “Government Priority: Creating Decent Jobs,” South African Government, accessed September 27, 2017, [www.gov.za/issues/government-priority-creating-decent-jobs](http://www.gov.za/issues/government-priority-creating-decent-jobs); “Entrepreneurship Provides an Answer to Youth Unemployment in South Africa,” Office of the Secretary-General’s Envoy on Youth (blog), September 16, 2014, accessed September 27, 2017, [www.un.org/youthenvoy/2014/09/entrepreneurship-provides-answer-youth-unemployment-south-africa](http://www.un.org/youthenvoy/2014/09/entrepreneurship-provides-answer-youth-unemployment-south-africa).

## A REVISED ENTREPRENEURSHIP PROGRAM

In 2015, Mjo started her second, new schools-based program. This time, students would be required to start their own newspaper, secure advertising, write the stories, and demonstrate their ability to achieve something they could never have envisioned doing. The program gave under-resourced students experience in working together to achieve something extraordinary. It helped them build grit—a value associated with life success.<sup>3</sup> The program also gave students digital experience and improved their English and writing skills. And because the newspaper was sustainably financed by advertising, it was an example of how to start one's own business.

Mjo started getting calls from the media, and she was profiled by Lead SA, a well-respected leadership initiative.<sup>4</sup> This was an exciting time; the new program met many objectives and needs. But Mjo again faced many of the same hurdles associated with working in township schools. English proficiency was low, and while improving it was a goal of the project, non-participating students would buy the newspaper and ridicule any errors. An underlying culture existed that opposed success. Mjo was frustrated that “people believed it was better if we all stay[ed where we were and didn't] get better.”

When the newspaper covered a story about the school teachers not doing what was required, the school shut the newspaper and the program down. Mjo was devastated. By July 2015, she was finished. She had nothing left to give. For four and a half years, she had pursued her dream of working in and facilitating youth development. She had made an impact through her facilitation and the first two programs of Beyond the Lemonade Stand. She had also learned a lot. She knew from experience that participating learners and young people had to pay for the service she provided. “If they don't have skin in the game, it is so easy for them to walk away,” she said. She told people, “You do them [young people] no service by giving them things for free.”

Despite her short-term success and learning, there was nothing sustainable. Mjo felt like she had been ill-equipped for the challenges of the entrepreneurial journey she had chosen. She noted, “There is the assumption that because you are smart, you are supposed to ‘get it’ and work things out faster. It is embarrassing to be struggling.” She knew she had to pick herself up and start again.

## FINDING A SUSTAINABLE BUSINESS MODEL

Disheartened, Mjo took a break to reconsider her options. She realized, deep down, that the development of young entrepreneurs was still her passion and her calling. She also realized that, despite the challenges, her programs were having impact. But the not-for-profit path had its problems. Mjo had learned that an organization could attract sympathy support, but that this was not sustainable because “it creates a false sense of progress where you feel like you are getting somewhere. But it keeps you on the wrong track. You need to rather articulate how organizations can benefit from funding you.”

Toward the end of 2015, Mjo abandoned the non-profit dream and re-registered Beyond the Lemonade Stand as a for-profit business. She hoped a stronger focus on financial sustainability would help her build a larger organization and have more impact. She re-positioned herself for new funding and support.

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<sup>3</sup> “Measures: Grit,” Angela Duckworth (website), accessed September 27, 2017, <http://angeladuckworth.com/research>.

<sup>4</sup> Tshiamo Ndlovu, “Taking it Beyond the Lemonade Stand: Thokoza's Story,” Lead SA, March 10, 2015, accessed September 27, 2017, [www.leadsa.co.za/articles/6710/taking-it-beyond-the-lemonade-stand-thokozas-story](http://www.leadsa.co.za/articles/6710/taking-it-beyond-the-lemonade-stand-thokozas-story).

In November 2015, during Global Entrepreneurship Week, Mjo began reaching out to teenagers who were already running businesses. From her experience, she knew the value of supporting those who were already helping themselves. She developed and ran Johannesburg's first teen entrepreneurship festival. The festival was sponsored by the city government, Red Bull GmbH, Levi Strauss & Co., Enke (an aligned non-profit), Old Mutual plc (a large South African financial services company), and Wits Business School (one of the country's top graduate business schools). Mjo had over 40 teen business owners participate in the festival, and she selected the top 20 to compete for cash prizes. It was a very successful and well-publicized initiative.<sup>5</sup>

In early 2016, Mjo settled on three core offerings that she would take to the market. These included advisory work in the youth entrepreneurship development field, access to markets for teen and youth-led companies, and project execution for sponsors interested in youth entrepreneurship. This focus helped her build new momentum. In July 2016, as Mjo focused on marketing and expanding her business, she hired her first full-time employee. She had a number of key clients and a group of experienced part-time facilitators working across different projects. Beyond the Lemonade Stand was now in a strong position for growth.

## STRATEGIC CHOICES

As Mjo left Alexandra that day in August 2016, she knew Beyond the Lemonade Stand was in a stronger position than a year earlier when the school newspaper project had closed. Although she had built an innovative social business with a strong reputation with funders, communities, and other stakeholders, she could feel the personal and organizational tension around some strategic choices.

Mjo was worn down and frustrated by the challenges of working in Johannesburg's townships. These isolated neighbourhoods were where black South Africans had been forced to live during apartheid. Despite the democratic changes in the country, these areas were still mostly poor. Youth unemployment averaged over 50 per cent.<sup>6</sup> Alexandra was one of the very few historic urban areas where black South Africans could own property under the segregation of apartheid. Alexandrians were proud of their neighbourhood, but it was a harsh place. Since the end of apartheid and the coming of democracy in 1994, and as the country normalized, hundreds of thousands of poor immigrants from around South Africa and the region had made Alexandra their home. But Alexandra was small, covering an area of only 6.9 square kilometres,<sup>7</sup> and many people lived crammed into shacks and the backrooms of established houses. The area was noisy, vibrant, and filled with a wide mix of cultures.

Mjo's day in Alexandra was particularly illustrative of the challenges of working in townships. Attendance at the workshop had been disappointing. Only a quarter of the 40 children who registered showed up, and the teacher who had agreed to support the program was nowhere in sight. This typified Mjo's extensive experience with many township schools. She wanted desperately to disrupt the status quo and make an impact on these students' lives. They needed it most, but she felt that the students did not appreciate what she had to offer, and the peer pressure to "play it cool" subverted Mjo's efforts. Working in such highly dysfunctional contexts made her consider alternatives.

<sup>5</sup> "Jozi's Teen Entrepreneurs Mean Business," City of Johannesburg, November 23, 2015, accessed September 27, 2017, [www.joburg.org.za/index.php?option=com\\_content&view=article&id=10192&catid=88&Itemid=266](http://www.joburg.org.za/index.php?option=com_content&view=article&id=10192&catid=88&Itemid=266).

<sup>6</sup> Rachel Hoffman and Cindy Huang, "South Africa's Township Youth See Apartheid's Legacy All around Them," PRI (Public Radio International), September 30, 2014, accessed September 27, 2017, [www.pri.org/stories/2014-09-30/south-africas-township-youth-see-apartheids-legacy-all-around-them](http://www.pri.org/stories/2014-09-30/south-africas-township-youth-see-apartheids-legacy-all-around-them).

<sup>7</sup> "Alexandra, City of Johannesburg, Gauteng," Census 2011, accessed September 27, 2017, <https://census2011.adrianfrith.com/place/798014>.

Over the last year, better-functioning and private schools in middle-class areas had been phoning Mjo; they were willing to pay for her services and provide all the support she needed to be effective. In these environments, nothing would get in the way of her having a real impact. In addition, her work with established teen entrepreneurs offered Mjo an opportunity to leverage their success and take them to new levels.

Now, as she drove out of Alexandra, Mjo wondered about shifting focus to better paying and potentially more impactful school groups. Just a few miles in front of Mjo, as she drove out of Alexandra, was Sandton, the sanitized suburban home of almost all of the large corporate head offices for South Africa. It was known as the richest square mile on the African continent.<sup>8</sup> South Africa had some of the highest rates of economic inequality in the world, and the short drive that Mjo took that day starkly demonstrated this.

The choice facing Mjo cut deep into her personal value system. She had left a high-potential corporate career in financial services to follow her calling. Sustaining that calling was crucial in the long term. Mjo wondered how best to sustain herself and use the organization to have the social impact she desired.

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<sup>8</sup> Irma Venter, "Sandton, the Continent's Richest Square Mile, Could Double in Size over the Next Decade," Engineering News, June 20, 2008, accessed September 27, 2017, [www.engineeringnews.co.za/article/sandton-the-continentrsquos-richest-square-mile-could-double-in-size-over-the-next-decade-2008-06-20](http://www.engineeringnews.co.za/article/sandton-the-continentrsquos-richest-square-mile-could-double-in-size-over-the-next-decade-2008-06-20).