Social Enterprise Reporter

Innovative Business Solutions for Nonprofit Entrepreneurs

The Integrated Approach to Social Entrepreneurship:
Building High Performance Organizations

by Kim Alter and Vincent Dawans

The *raison d'être* of social enterprise practitioners is to *create* and *sustain* social value. Social value creation speaks directly to accomplishing a social mission and achieving social program objectives, while sustainability requires organizational and leadership capacity, business-oriented culture and financial viability. Thus, a social enterprise is more likely to achieve *sustained social value* when the enterprise is integrated within program, operations, culture, and finance.

Rick Aubry,[1] Executive Director of Rubicon Programs, says of his organization's social enterprises, "we are not in the business of baking cakes; we are in the business of transforming lives. We see business as the primary vehicle for achieving this change, but social enterprise is comprehensive and must be integrated into the whole [organizational] package."[2]

NEW PARADIGMS

The opportunity to realize social enterprise's promise—High Performance Organizations—is being missed.

Regardless of its degree of integration, a social enterprise catalyzes organizational change whether invited or not. Examples of organizations whose social enterprises have survived, and gone on to thrive, recognize this—often after substantial trauma—and have ultimately integrated the enterprise throughout the organization and worked to manage this change. The hypothesis follows: when integrated within an organization, social enterprise is a *transformation and strengthening strategy* that can increase mission accomplishment and social impact, improve organizational and financial performance and health, and engender a more entrepreneurial culture.

This "integrated approach" to social enterprise offers practitioners a new paradigm to create and transform enterprises into High Performance Organizations, organizations capable of achieving sustainability, appropriate scale, significant impact, and providing blueprints for replication. However, the opportunity to realize social enterprise's promise—High Performance Organizations—is being missed.

1 Rick Aubry received the Klaus Schwab Foundation "Social Entrepreneur of the Year" award in 2001
2 Interview with Rick Aubry, Executive Director, Rubicon Programs, Richmond, California, March 19, 2005.

Letter to Readers:

Dear Reader,

This month's issue of SER contributes to the evolving definition of social enterprise with a manifesto by Kim Alter and Vincent Dawans. Their "integrated approach" to social enterprise offers practitioners a new paradigm for creating High Performance Organizations. A social enterprise, in their view, is more likely to achieve sustained social value when the enterprise is integrated within an organization's programs, operations, culture, and finance.

However, the opportunity to realize the full promise of social enterprise is being missed due to seeing it primarily a as funding, programmatic or leadership strategy. The true opportunity for social enterprise as an agent of organizational transformation lies in integrating these approaches in a way that builds high performance organizations.

Longstanding SER columnist Jerr Boschee urges readers to confront and change social enterprise paradigms in a chapter excerpted from his new book, *Migrating from Innovation to Entrepreneurship: How Nonprofits are Moving toward Sustainability and Self-Sufficiency*. He too makes a case for the systemic organizational change that needs to occur, from the Board level to line staff, when nonprofits move from asking the community for money to asking them for business.

Kim and Vincent's integrated approach is echoed by Jim Collins when he calls for a new enterprise paradigm in *Good to Great and the Social Sectors:* "The critical question is not 'How much money do we make?' but 'How can we develop a sustainable resource engine to deliver superior performance relative to our mission?'" For Jim, that resource engine has three components: money, time and brand.

With your contributions, SER will continue to monitor and further these evolving definitions of social enterprise. Look for a full report on the recent Gathering of the Social Enterprise Alliance in the next issue!

Best wishes,

Tom White
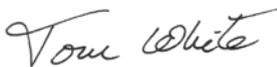
Tom

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The Single Greatest Challenge:
Existing organizational culture is frequently the biggest obstacle for social entrepreneurs

by Jerr Boschee

The following is an edited excerpt from Jerr Boschee's newest book, Migrating from Innovation to Entrepreneurship: How Nonprofits are Moving toward Sustainability and Self-Sufficiency. *Among other topics, the book describes five basic principles of social entrepreneurship and 14 critical success factors emphasized by the pioneers in the field. It also contains "A Practical Lexicon for Social Entrepreneurs" that defines more than 80 terms, many in the form of mini-tutorials, and a bibliography of print and electronic resources. Please see* www.socialent.org *for information about single copy or bulk discount purchases.*

Jerr Boschee's column about entrepreneurial marketing is a regular monthly feature of the Social Enterprise Reporter

Social innovators around the world have begun to reach a disquieting conclusion: Inspired vision, impassioned leadership, enthusiastic volunteers, government subsidies and a phalanx of donors are not always enough.

They serve admirably while innovators transform their dreams into fledgling programs and steer their organizations through early growing pains. But there comes a time, albeit reluctantly, when most founders and their followers begin to understand that living from year to year does not ensure the future—and that is the moment when they begin migrating from innovation to entrepreneurship. It is one thing to design, develop and carry out a new program, quite another to sustain it. So they begin turning toward commercial markets, gradually exploring the possibilities of *earned* income, many for the first time, and often with reluctance given their uneasiness about the profit motive.

The moment of realization is dawning today for some of the most successful social innovators in the world, and they are slowly moving away from a ***dependency*** model of financing that relies almost entirely on charitable contributions and public sector subsidies. The movement takes two forms:

• Some are working toward ***sustainability***, which can be attained through a *combination* of philanthropy, subsidies and earned revenue.

• Others are seeking ***self-sufficiency***, which can only be achieved through earned revenue alone.

However, entering commercial markets poses significant challenges for nonprofits, none greater than their own embedded culture.

The culture of a traditional nonprofit, no matter how innovative, is vastly different from the culture of an entrepreneurial nonprofit. Entrepreneurs have a higher tolerance for risk, a greater appreciation of margins, an eagerness to compete. Traditional nonprofits distrust the capital markets, prefer collaboration to competition, and underestimate the productive capabilities of their disadvantaged employees. They watch other nonprofits become increasingly sustainable or self-sufficient, but are unwilling to emulate their practices.

Instead, they criticize. "My god, the resistance," says **Rick Walker**, who runs seven small businesses in Marshfield, Massachusetts, that employ people with developmental disabilities. "To a great extent, nonprofit people are not risk-takers, and their unwillingness to think outside very standard parameters constantly amazes me. Quite frankly, we've had a lot better luck getting people outside the nonprofit world to understand what we're doing and feel comfortable with it."

Tony Wagner concurs. He has been astonished by the resistance he has encountered from both the business community and the nonprofit sector as his nonprofit in Minneapolis, Minnesota, tries to simultaneously create a business and carry out a social mission by employing people who are economically disadvantaged. "I've been blown away by the level of misunderstanding and mistrust," he says. "For all the writing and talking that's being done about the subject, out there in the world people either don't get it or don't want to get it. They say you have to be one or the other."

Why does this happen? Why is the embedded culture of an organization so often the single greatest obstacle for Board members and senior executives trying to launch earned income strategies or social sector businesses?

Because too many suffer from what **Joel Arthur Barker** calls "paradigm paralysis." As Barker pointed out

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in his seminal 1992 book, *Paradigms: The Business of Discovering the Future*, paradigms can be extraordinarily useful. They help us make sense of the world by organizing incoming data streams and sorting them into categories, helping us decide what to think and do. But paradigms can be a double-edged sword. Blinders are slapped into place and we begin to interpret new information according to our pre-conceptions. We become frozen. Change becomes our enemy. Individuals and organizations begin to believe the categories they are using are the only ones available, and they slowly become paralyzed.

Institutional paralysis can be overcome, with a sufficient dose of courage. But occasionally it takes something dramatic. In the mid-1980s, when the Board of Directors of a nonprofit in Louisville, Kentucky, offered **Bob Russell** the job as CEO, he realized the existing make-up of the Board worked against entrepreneurship and agreed to accept the position only if every member of the board resigned. They agreed.

Still another CEO, who ran a sheltered workshop for people who were developmentally disabled, decided to change the basic values of his organization—and in the process invented an entirely new type of business, known today as an "affirmative business." On a pleasant summer evening in 1973, **John DuRand** invited his 11 senior managers to a downtown hotel in St. Paul, Minnesota, where he wined and dined them, asked them to sit down—and then fired them all. Five minutes later he passed out application forms. "Starting tomor-

row," he said, "we are no longer a rehab agency, we're a business. Starting tomorrow, we no longer have clients, we have employees. And, starting tomorrow, you are no longer social workers, you are business managers. If you can get your minds and hearts and souls around that concept, I want you back. If you can't, I'll help you find a job somewhere else." Nine of the 11 returned to their jobs. Two could not accept the philosophic shift. But, from that day, the culture of the organization changed and the primary goal became the operation of a viable business.

However, regardless of dramatics, cultural change must be systemic.

> **Paradigms can be a double-edged sword. Blinders are slapped into place and we begin to interpret new information according to our pre-conceptions.**

The first step usually has to be taken at the Board level. When **Charley Graham** arrived at his new post in Oregon in the early 1980s, he immediately began promoting the idea of a double bottom line. According to his second-in-command, **Roy Soards,** "he told the Board we were never going to be able to employ more people with psychiatric disabilities if we continued operating a sheltered workshop and depending primarily on social service subsidies and charitable giving. He convinced the Board that if we provided quality goods and services, people would buy them and we'd therefore be able to employ even *more* people with disabilities and help them become

self-sufficient."

Kevin McDonald, founder of a moving company in North Carolina that employs former convicts, drug addicts and prostitutes, discovered that customers appreciated the change. He built his company primarily through personal selling and word of mouth. "We didn't have a very big staff," he says, "just me and two others, and we didn't have much money for advertising. We were just trying to survive as a program. So, I decided to start hitting the pavement and gave a lot of speeches. Went out to the Junior League, the Kiwanis Club, that sort of thing...and I found out they were tired of people asking for a handout. So I told them, 'I don't want your money...I want your *business*...call us up, let me give you an estimate...*use* our services.'"

Once they begin paying for actual products or services, customers become increasingly demanding, which puts a further strain on an organization's traditional culture. "When we started working with Ben & Jerry's," recalls **Julius Walls**, CEO of Greyston Bakery, which employs former convicts and others with barriers to employment, "they made it very clear that our product (providing brownies and blondies for five Ben & Jerry ice cream flavors) had to always be up to snuff or they wouldn't produce their ice cream with us. They held us accountable as a business and not as their young child. They provided a lot of assistance, but they told us from the beginning that we needed to stand up and be a business, not a sheltered workshop."

When Walls took over the Yonkers, New York, company as CEO, he discovered that the biggest obstacle he faced was helping his employees "understand what we needed

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to do to be a sustainable model. We had to understand we were a business with a dual bottom line. Most businesses have one bottom line —economic dividends. (At the time) Greyston also had a single bottom line, but it wasn't the economic one. There was a mentality on the part of the employees that came here that if you're really nice we'll figure something out to keep you and it doesn't matter if you're producing or if the business is doing well. But there came a time when the employees and the business needed to understand that that's not a sustainable model."

The cultural transformation can turn into a war. "By the time I got here," remembers Soards, who eventually succeeded Graham as CEO in Oregon, "there was a demilitarized zone between the production people who ran the factory and the rehab people who provided social services. We had two very strong-willed managers and each of them had their own lieutenants and armies." The opposing forces fought over resources and, more fundamentally, they fought for the soul of the organization.

It took years for the culture wars to subside, and "it was pretty ugly at times," says Soards. "The rehab people would sabotage the production people, who often had to rely on the rehab folks for employees. If the production people had a job that had to get done, they were under a lot of pressure, because the rehab people were more concerned about, 'Well, is this the proper training for this individual, they're not ready for work that's too demanding, and why don't you guys find the types of jobs that fit their needs, and no, they can't work after three o'clock because they have to go see their case workers.' We finally had to part ways with the head of the rehab division."

Hiring people from the for-profit world can be another wake-up call. "Everything changed," says **Dave McDonough**, who ran a social enterprise in Los Angeles that employed people who were homeless. "Right off the top, it was just the way the new people walked and talked and dressed and approached their day. It was a big shock to the rest of us."

Making the transition from innovation to entrepreneurship is fraught with dangers. Years ago, **Pablo**

> "Ben & Jerry's provided a lot of assistance, but they told us from the beginning that we needed to stand up and be a business, not a sheltered workshop" —*Julius Walls, CEO, Greyston Bakery*

Eisenberg, Founder and Chairman Emeritus of the National Committee for Responsive Philanthropy, wrote that "far too many charities have... forgotten the distinction between for-profit and non-profit activities, between fulfilling a mission and survival at any cost....The appeal of non-profit organizations is their commitment to public service...it is not as a shadow private sector."

But, according to **Kenneth Mason**, the former Chairman of Quaker Oats, "making a profit is no more the purpose of a corporation than getting enough to eat is the purpose of life. Getting enough to eat is a *requirement* of life. Life's purpose, one would hope, is something broader and more challenging. Likewise with business and profit."

And nonprofit executive **Robert Harrington** may have put it most succinctly, and in terms social entrepreneurs would resoundingly endorse: "If you want to help the poor people of the world," he said, "step one is to make sure you're not one of them!" ∎

Jerr Boschee has spent the past 25 years as an advisor to social entrepreneurs in the United States and abroad. To date he has delivered seminars or taught master classes in 41 states and 14 countries and has long been recognized as one of the founders of the social enterprise movement worldwide. Mr. Boschee is Executive Director of The Institute for Social Entrepreneurs, which he created in 1999, and Chairman and CEO of Peace Corps Encore!, a nonprofit that sends former Peace Corps volunteers and staff members back into service on short-term assignments that match their professional expertise with specific social needs. Please direct your comments to ✉ jerr@orbis.net.

Social Venture Network

by Tom White

SER spoke recently with Deborah Nelson and Pamela Chaloult, Co-Executive Directors of the San Francisco, CA-based Social Venture Network. Founded in 1987, SVN is a national peer-to-peer network of advisors, CEO's, investors, and Directors of for-profit and non-profit socially responsible businesses and social enterprises.

Deborah Nelson and Pamela Chaloult, Co-Executive Directors, Social Venture Network

Q: What makes SVN unique among networks supporting social entre-preneurs?

A: Many related organizations have been incubated out of SVN, through the work and initiative of our members. Businesses for Social Responsibility, Business Alliance for Local Living Economies, Net Impact, Investors Circle, have all been projects of SVN at one time. What's unique about our network is that we have the pioneers of socially responsible business (SRB) who came together and decided that business could and should be a force for social change. We provide a safe and intimate space for business leaders to share their best practices, challenges and successes. Our membership is composed of the founders and CEO's of the businesses, as opposed to company membership. The difference with SVN is that the level of peer-to-peer networking is quite high.

Q: Are you affiliated with regional partners, for example Social Venture Partners?

A: SVP is a totally separate organization. We bring our members together at two annual conferences, and at our Social Venture Institutes, in the spring and fall. We host the Institutes at different cities in North America in collaboration with local members. In British Columbia, where the SVI has been located at Hollyhock for 10 years, we collaborate with Canadian Businesses for Social Responsibility, Renewal Partners, and the Tides Canada Foundation. The fall conference will be held October 12–15 in Tucson, AZ and the SVI on September 6–10 in Hollyhock, BC.

Q: What is size and scope of members' companies?

A: We target innovative mid-sized SRBs and social enterprises. Most are independently owned with revenues ranging from $2-500 million. The larger companies are doing business nationally and some internationally. Our membership guidelines help us attract pioneers who've demonstrated an ability to effect positive change by running for-profit or nonprofit organizations of a certain size.

Q: What are your plans for updating the *SVN Standards of Corporate Social Responsibility?*

A: Since 1999 there have been lots of new tools and standards for SRBs. The Stanford Alumni Consulting Team is helped us to revise the *Standards*, based on member feedback. Our research revealed that it would be most helpful to provide short, easy-to-understand examples of how to implement these practices. That's why we decided to break down the *Standards* into very practical steps in the new SVN book series (see sidebar next page) launching in April in partnership with Berrett-Koehler Publishers. The books in the series will show what the practices are, how to implement them, and are filled with lots of examples from real executives and companies. We'll show successes as well as mistakes. We're still in the process of deciding whether it makes sense to update and expand the *Standards* in addition to the book series.

Q: Do you have evidence of whether sales improved for those SRBs that implemented the CSR standards?

A: We have anecdotal stories, but it has been hard to quantify and separate out the impact of the standards vs. other resources. In SVN's New Corporate Vision program, members did peer-to-peer audits, evaluating and giving recommendations based on the *Standards*. One of the successes of NCV was that members came back to the

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(continued from page 6)

SVN community and shared the audit results with the larger group. That's key to how SVN works, sharing best practices and tools that members have garnered from one another. It was also a mentoring opportunity for members who are striving to be socially responsible.

Q: Have you found that socially responsible investors are willing to give a social margin to SRBs, discounting their financial return for a recognized social benefit?

A: Investors Circle, one of our sister organizations, has looked closely at this shareholder concern. Woody Tasch, Chairman and CEO of IC, and Judy Wicks, Founder and CEO of Philadelphia's White Dog Cafe, talk about getting a "living return from patient capital". Investor members of SVN are often willing to take a slightly lower financial return, because they're aware of the social return. But they're the exception, not the rule among investors. It's a real challenge to measure the social impact of SRB's and incorporate that into the financial return.

Q: Does SVN facilitate investments and other partnerships?

A: It's explicit in the work that we do that deal flow happens at SVN events. The only way that SVN is going to be successful is to create a collaborative model for investing. So three years ago we initiated the Social Impact Leadership Coalition (SILC) in which we brought together 12 national nonprofits [including Co-op America, Responsible

Wealth, The Business Collaborative, Community Development Venture Capital Alliance, Hispanic Association on Corporate Responsibility, the Coalition for Environmentally Responsible Economics (CERES), and others] who are focused on social and economic justice.

Q: Are there any examples of how SVN members have partnered with nonprofits or for-profits to provide basic business goods or services?

A: The partnership between Ben & Jerry's Ice Cream and Greyston Bakery, evolved through SVN. The Bakery is a project of the Greyston Foundation and they bake all the brownies used in a brand of Ben & Jerry's Ice Cream. Kevin Lynch, an SVN Board member, is also CEO of Rebuild Resources, a non-profit based in St. Paul, Minnesota. Rebuild Resources helps people break the cycle of drug and alcohol abuse. Employees manufacture, embroider, and print apparel and promotional merchandise for businesses in Minnesota. [See Jerr Boschee's article in *SER* 205 (July '05) on "Forging Strategic Partnerships with For-profits" for more examples of operational philanthropy].

> **Investor members of SVN are often willing to take a slightly lower financial return, because they're aware of the social return. But they're the exception, not the rule, among investors.**

Berrett-Koehler Publishers, Inc. has partnered with Social Venture Network to produce a series of low-priced, down-to-earth paperback guides that will walk readers through the practical steps of starting and growing a socially responsible business. This series represents the merger of the Berrett-Koehler value of "creating a world that works for all" and Social Venture Network's commitment to building a just and sustainable world through business.

The first two books published in 2006 as part of the Social Venture Network Series are *Values-Based Business: How to Change the World, Make Money, and Have Fun* by Ben Cohen and Mal Warwick, and T*rue to Yourself: Leading a Values-Based Business* by Mark Albion. Watch for reviews and excerpts of these books in upcoming issues of SER! Go to ➲www.svnbooks.com for more information.

Q: Can you share SVN's plans for the year?

A: 2007 is a big year for us—it's our 20th. We just revised our mission statement and are working on a strategic plan for 2007–2009 with a particular focus on the meeting points between socially

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Fragmentation and Myopia

There is a lack of wholeness and integration in the social entrepreneurship field, evidenced by the divergence of players and three schools of thought—leadership, funding, and program.

• The "**leadership approach**" supports professional development efforts for individual "social entrepreneurs". The shortcoming of this approach is that individuals are not replicable and too often their "social change innovations" have not been used to build the practice or replicate their successes.

• The "**funding approach**" advocates that nonprofits start commercial ventures to diversify their funding. Typically, the venture is structured as an auxiliary project of the organization. The funding approach to social entrepreneurship has increased the number of nonprofits incorporating market discipline and income-generating activities into their organizations, yet problems arise from disappointing financial returns, harder than expected implementation, complex legal and tax issues, organizational discord and mission dissonance.

• The "**program approach**" to social entrepreneurship is when business activities and social programs are one and the same, typically in cases where business activities are central to, or compatible with, the organization's mission. The program approach suffers from the opposite problem of the funding approach—relying too heavily on social sector resources and lacking business acumen. Practitioners of the program approach are fragmented or "siloed" by sector, geography, and barred by industry vernacular thus, little sharing of knowledge and experience occurs between silos.

> In drawing inspiration from business, social enterprise has taken bits and pieces but has missed the big picture, stressing business function over social benefit and doing little to integrate the two.

Bias Toward Funding

Among North American organizations there is a bias toward the funding approach. Currently, the majority of the literature and public forums speak to helping nonprofits start earned income ventures. This is likely more of a PR issue than a practice issue—nonprofits need funding, grants or otherwise, and the promise of earned-income is the allure that leads nonprofits down the garden path. This dangerously narrow view shifts attention away from the ultimate goal of any self-respecting social entrepreneur, namely social impact, and focuses it on one particular method of generating resources. [3] Though profit is a sexy proposition for practitioners, the reality is that social enterprise as a funding mecha-nism has not paid off for many who have hungrily followed its lure.

Misunderstanding the Benchmark

In drawing inspiration from business, social enterprise has taken bits and pieces but has missed the big picture, stressing business function over social benefit and doing little to integrate the two. The private sector does not consider any one aspect of business in isolation. A business plan, for example, maps and connects the internal aspects of a company to each other as well as to the external environment. The very idea that practitioners use the phrase "mission-driven" is antithetical to business ethos, even if the standard corporate mission is "maximizing profit for shareholders." In the social enterprise the mission is complex but, like business, must be central and anchor all decisions and activities.

Missing an Opportunity To Do More Mission

The emphasis on funding means that opportunities are being missed to realize other benefits that social enterprise offers. A recent *Harvard Business Review* article instructs nonprofits to "put their missions first rather than starting with a venture's financial potential," citing that "a mission-first assessment of earned-income opportunities returns the nonprofit sector to its fundamental principles. [4]" Sadly, few recognize social enterprise as a deliberate method to accomplish social mission, achieve social impact, create a stronger organizations and affect a more entrepreneurial culture. Financial aspects of resource management are

3 Dees, Gregory, *Social Entrepreneurship Is About Innovation and Impact, Not Income*, Skoll Foundation Social Edge, September 2003.
4 "Should Nonprofits Seek Profits" (January 2004)

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an integral part of the social enterprise paradigm, hence *the issue is less of perpetuating a money myth than missing a mission opportunity*.

Resource Management— Not "Profit"

The perception that social enterprise is strictly about earned-income or profit is misleading. No amount of profit makes up for failure on the social impact side of the equation. Any social entrepreneur who generates profits, but then fails to convert them into meaningful social impact in a cost effective way has wasted valuable resources.[6] Social enterprise requires effective resource management, which must go beyond the narrow view that financial resources are the only resources. Typically, nonprofits most valuable resources are their people, networks or members, and intangible assets such as methodologies, content, reputation *and* social impact. An integrated approach to social enterprise recognizes the financial as well as non-financial capital (human, social, environmental and physical) and motivates practitioners to productively employ and manage these assets.

Challenges, Risks and Learnings

Little research has been conducted to ascertain why social enterprises fail, however, the practice speaks volumes—cultural tension and low capacity are the main offenders. Change is hard and resistance to change is human nature, present in both for-profit and nonprofit sectors. Social enterprise challenges the traditional concept of charitable action and its implications on social structures—do we (western society) really want the poor no longer poor, or the homeless no longer homeless?

> "Social enterprise as a tool for achieving mission has come to the fore. It's more than a revenue strategy. People are beginning to look at it as a tool of economic empowerment for the communities they serve. It's not just another fund-raising tool—it's a mission fulfillment tool!"[5] —Yma Gordon, Program Officer, Ms. Foundation for Women

These potential institutional benefits of social enterprise, if left unmanaged, are equally a source of institutional risk. Authors and practitioners have shared many a cautionary tale of mission creep, cultural strife, stakeholder and/or staff tensions, lack of vision or capable leadership, financial losses, operational inefficiencies, weak marketing, and threats to an organization's reputation.

Much of the value of social enterprise is in the process-for example, the learning gained developing a business plan often exceeds the value of the plan itself. Social enterprise is an organizational change and transformation process, therefore there is a need to define a framework for monitoring the impacts that the process of developing and managing enterprise activities has on nonprofits themselves.

Lack of Inclusion of International Organizations

Microfinance institutions (MFI) are quintessential social enterprises and their leaders are some of the world's most formidable social entrepreneurs, yet they have largely absent from the conversation. From early on microfinance practitioners implemented MFIs as a vehicle by which to achieve wide-scale sustainable social impact. The microfinance methodology takes a holistic approach, its ethos is that the "social programs" (micro-credit services) must be institutionalized in order to be a going concern. Social programs and impact are not disaggregated from business activities and financial aspects of the organization, rather they are an integral part of the business model. Capacity building is an enduring process and central to implementation and development of the MFI. Last year's Micro Credit Summit celebrated reaching 100 million poor borrowers. This is success, yet little has been done to learn from their experience or share their immense intellectual capital with other practitioners.

A New Social Enterprise Paradigm

The reality of the current state of practice is that social enterprises are executed in isolation—treated as a distinct project or activity—when in

5 Interview in July 2005 issue of *Social Enterprise Reporter.*
6 Dees, op.cit

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fact social enterprise has profound effects on the whole organization. The three approaches to social entrepreneurship (funding, leadership and programmatic), alone or in combination, do not go far enough. The true opportunity for social enterprise as an agent of organizational transformation lies in integrating these approaches in a way that builds high performance organizations.

The Integrated Approach takes the best of business and marries it to social interest. It is strategic, requiring a long-term vision and clear objectives in order to manage performance and change, and to measure results across the organization. Capacity building is tied to objectives and is systematically incorporated across the organization to strengthen it and support cultural shifts related to the enterprise. This approach recognizes resources inherent both to the organization and the external environment, and mobilizes and manages these resources to increase

> "Social enterprise is first and foremost a vehicle to accomplish, strengthen, or expand the organization's mission."

organizational productivity and yield. Mission is the cornerstone, and serving it, the impetus for venturing. The social enterprise is first and foremost a vehicle to accomplish, strengthen, enhance or expand the organization's mission.

The Integrated Approach challenges the notion that unrelated business ventures *are* social enterprises, believing that if business activities are not central or strongly related to the social mission then it is pure business undertaken by a nonprofit, and not social enterprise. An Integrated Approach is a methodology that helps practitioners do what they do *better*—innovate, increase impact and effectiveness, and improve performance. ∎

Sutia Kim Alter is Founding Partner of Virtue Ventures LLC, a small, innovative firm rooted in practice and committed to furthering the field of social entrepreneurship through action-research, technical services and its own initiatives. Alter is also a Visiting Fellow to the Skoll Centre for Social Entrepreneurship at Saïd Business School, University of Oxford, where she teaches a course on social enterprise design and conducts research. She has authored several works on social enterprise including *Managing the Double Bottom Line: a Business Planning Guide and Workbook for Social Enterprises*, available from ➲ www.SEReporter.com. Alter has worked with practitioners in 35 countries worldwide.
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Vincent Dawans, a Virtue Ventures LLC Partner, conceived the Four Lenses Framework, and has worked with Alter to outline a conceptual framework for The Integrated Approach to social enterprise. Dawans holds an MBA from the ICHEC Business School, Brussels, Belgium. He has worked on projects in Europe, the US and Francophone Africa, Mexico as well as the former Soviet Union.
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responsible business and economic justice. In addition, SVN received a $394,000 two-year grant from the W.K. Kellogg Foundation on behalf of the Social Impact Leadership Coalition (SILC). This grant will enable SVN to take a leadership role in addressing the lack of diversity in the socially responsible business movement and further our efforts to promote economic justice. We'll also be strengthening and expanding our Social Venture Institutes, doing more to share best practices outside of SVN and promoting innovative models of socially responsible business and social entrepreneurship. ∎

Tom White is Editor and Publisher of the *Social Enterprise Reporter*.

Resources:
- ➲ www.svn.org
- ➲ rebuildresources.com
- ➲ www.greystonbakery.com
- ➲ www.net-impact.org
- ➲ www.investorscircle.net
- ➲ renewalpartners.com
- ➲ www.tidescanada.org

Social Venture Institute—Hollyhock 2006
➲ www.renewalpartners.com/svi.html

Business Leaders for Sensible Priorities
➲ www.sensiblepriorities.org

Businesses for Social Responsibility ➲ www.bsr.org

Business Alliance for Local Living Economies
➲ www.livingeconomies.org

Canadian Businesses for Social Responsibility
➲ www.cbsr.bc.ca

Berrett-Koehler Publishers ➲ www.bkconnnection.com

The Grantsmanship Center
New Business Ventures for Nonprofits Workshop
May 1–3, Erie, PA; July 17–19, Baton Rouge, LA; August 21–23:
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An entirely new and up-to-date curriculum has been developed in coopera-tion with two SER contributors who also share the actual training: Rolfe Larson, and Andy Horsnell. ➲ www.tgci.com/training/nbv/nbv.asp

Earned Income: Assessing Your Nonprofit's Revenue Options: Foundation Center Training Centers
April 24, San Francisco CA; 2006, April 28, Ft. Worth TX; May 4, Atlanta, GA; May 9, New York NY

➲ http://fdncenter.org/marketplace/catalog/subcategory_training.jhtml?id=cat250001

NYU Stern School of Business Conference of Social Entrepreneurs: Where Research & Practice Align
April 6–8, New York City

➲ www.stern.nyu.edu/berkley/conference

Global Social Venture Competition Final Event and Awards Ceremony
APRIL 7, Columbia Business School, New York, NY

➲ www.socialvc.net

National Offender Workforce Development Conference
April 11–13, St. Louis, Missouri

➲ www.proworkdev.com

Social Venture Network Spring Conference
April 20–23, Kennebunkport, Maine

➲ www.svn.org/Initiatives/spring-/spring.htm

LOHAS 10 Forum
April 26–28, 2006 Los Angeles, CA

➲ www.lohas.com

Mountain-Midwest States Economic Development Peer Learning Conference
May 3–5 Kansas City, MO
National Association Of Development Organizations

http://www.nado.org/conferences/other.php?con_id=20

Resource Alliance International Workshop on Resource Mobilisation
May 5–7, Bangkok, Thailand

➲ www.resource-alliance.org

Business and NGO Partnerships
May 9–10, New York City

➲ www.ethicalcorp.com/nycpartnership

Investors' Circle Spring Conference and Venture Fair
May 10–12, San Francisco, CA

➲ www.investorscircle.net/index.php?tg=articles&topics=99

Association for Enterprise Opportunity Annual Conference
Microenterprise Development: From Dreams to Reality
May 16–19, 2006 Atlanta, Georgia

➲ microenterpriseworks.org

Sustainable World Symposium & Festival
May 13–14, San Francisco CA

➲ www.swcoalition.org

State Venture Capital Symposium
May 18, Washington, DC

➲ www.nasvf.org/web/nasvfinf.nsf/pages/2006svcagenda.html

National Coalition for Asian Pacific American Community Development Annual Convention
May 18–20, Houston, TX

➲ www.nationalcapacd.org/convention2006

Community College National Center for Community Engagement Annual Conference
May 24–26, Scottsdale AZ

➲ www.mc.maricopa.edu/other/engagement/2006Conf/ConfInfo.jsp

Business Alliance for Local Living Economies Conference: Creating Sustainable Communities
June 8–10, Burlington, VT

➲ www.livingeconomies.org/events/conference06

Cause Marketing Forum Conference
June 12–14, New York City

➲ www.causemarketingforum.com

Community Development Society Annual Conference
Communities That Click: Individuals, Families, and Organizations Working Together
June 25–June 28, St. Louis, MO

➲ www.comm-dev.org

AMA Nonprofit Marketing Conference
July 10–12, Washington DC
The Business of Growth – Mission, Message and Measures

➲ www.marketingpower.com/aevent_event24809.php

Alliance for Nonprofit Management Annual Conference
August 2–5, Los Angeles, CA
Collaborative Leadership... Teaming Up to Strengthen the Sector

➲ www.allianceonline.org/annual_conference/la06.page

National Association Of Development Organizations Annual Training Conference
August 26–29, Reno NV

➲ www.nado.org/conferences/annual.php

Risk Management and Finance Summit for Nonprofits
Sept. 18–20, Pasadena, CA

➲ http://nonprofitrisk.org/training/2006/summit/summit.htm

Inaugural Conference of Center for Social Profit Leadership: Transforming the Helping Industry from Co-Dependency to Co-Creation
October 6th, San Diego, CA

➲ http://socialprofitleadership.org

2006 Transitional Jobs Conference
October 12–13, Atlanta, GA

➲ www.transitionaljobs.net/Events.htm