

Social Enterprise Reporter

Innovative Business Solutions for Nonprofit Entrepreneurs

Management Support Organizations and Social Enterprise: Part II

by Carol Brzozowski

This is the second of two articles on the role of Management Support Organizations (MSOs) in developing the capacity of social enterprises. In Part Two we look at the concerns nonprofit clients commonly raise, and discuss some of the solutions MSOs offer to assist nonprofit entrepreneurs.

Many nonprofit leaders believe that given the right attention, resources and expertise, they can build social enterprises; however, they aren't sure how to proceed. This has spurred organizations to engage the assistance of MSOs in considering, developing and launching non-grant dependent business ventures.

When launching a social enterprise, nonprofits need to consider several factors: changes in organizational culture, creating business plans, bridging the gap between vision and a lack of skills, addressing other pitfalls, and determining how the enterprise will empower their clients. Key readiness factors include finding a champion for the idea, engaging the board, locat-

“If a social enterprise doesn't empower clients, then I'm not sure why an organization would be doing it.” —Amy Casavina Hall

INNOVATIVE SOLUTIONS

Director of the **Center on Nonprofit Effectiveness** (C-ONE) in Miami/Dade County, Florida. C-ONE is poised to help local nonprofits with books, resources, tools and business planning guides. The **Center for Social Enterprise** at the **Volunteer Center of Orange County** (California) conducts a workshop on nonprofits' readiness for earned income, and explores issues including cultural shifts and what it takes to be successful. Former Director Dave McDonough also tapped into the for-profit business community, and built a base of business advisors who can assist non-profits in non-traditional ways. McDonough has since gone on to launch and direct the **Social Enterprise Institute's** peer-to-peer leadership forums.

The Right Mix: People, Plan, Capacity and Competency

Although many nonprofits express interest in social enterprise, few implement their ideas. Karen Beavor, President of the **Georgia Center for Nonprofits**, says that nonprofits exhibit “point-in-time readiness” when they are

ing capital and ensuring that the organization has adequate capacity.

“Education is the only way to bridge the gap,” says Linda Schotthoefer, Executive

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Letter to Readers:

Dear Reader,

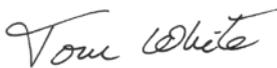
In a recent interview with Michael Shuman, author of the forthcoming Berrett-Koehler book, *The Small-Mart Revolution: How Local Businesses Are Beating the Global Competition*, he stated that “the ship has come in for local and social enterprise. With the combination of peak oil, dollar decline, the need to define new community-based politics—all these things are coming together. It’s an exciting time!”

This conjunction of social and local enterprise development became apparent to me at recent events, including the San Francisco Bay Area Economic Summit, celebrating the SBA’s National Small Business Week earlier this month. Included in the opening session were panels on Entrepreneurship and Social Responsibility, Sustainable Development, and a panel presented in conjunction with The Schwab Foundation for Social Entrepreneurs. Representatives from local social enterprises gave examples of how they are harnessing the power of business to build better communities, locally and globally.

This Summit and others, like the Social Enterprise and Community Economic Development conference, sponsored by the North Carolina Community Development Initiative and Duke University Law School’s Community Enterprise Clinic, are in the words of the conference brochure: “recognizing and managing common barriers to business success and community impact.” Nonprofits and community-based development organizations are exploring social enterprise as a way to generate both income and community change. They are teaming up with the academy, funders, local governments and business partners, to get the skills and expertise they need to be successful entrepreneurs and to address job shortages, workforce development needs and economic inequities in their communities.

Cities and communities have become the locus for social change, and government leaders, like those in San Francisco, are recognizing the needs of their stakeholders by adopting precautionary principles and local benefit agreements, for example SF’s Precautionary Purchasing Ordinance and CityBuild, an initiative of the Mayor’s Office of Economic and Workforce Development. Social enterprises are well-positioned to provide locally-sourced goods and services mandated by these communities.

Best wishes,



Tom White

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Editorial and Business Offices:

2644 Fulton Street, Suite A

Berkeley CA 94704

510-384-2336

Fax: 510-217-4065

E-mail: ser@sereporter.com

Subscriber Services: service@sereporter.com

sereporter.com

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E-mail submissions to

ser@sereporter.com.

Powerful Positioning Statements: Creating a Memorable Image

by Jerr Boschee

Mark Berger gazed at a sea of faces in a San Diego conference center this April, the first speaker from a panel of social entrepreneurs sharing their stories. I served as moderator.

“What does our organization do?” he began—then answered his own question.

“We create taxpayers!”

Berger is President and CEO of Partnerships with Industry (PWI), a social enterprise that provides training, placement and ongoing support services for adults with developmental disabilities (including those with autism, epilepsy, mental retardation and other challenges). PWI simultaneously meets the labor needs of more than 350 employers and serves more than 650 people daily through vocational assessment, contract services, group services and individual placements. Founded in 1985, it has four offices in San Diego, Riverside and San Bernardino counties, and its signature product is the Camelbak backpack—PWI has produced 634,000 of them already.

The image of your organization is nothing more than what remains after everything else is said and done.

As I listened to Berger begin his speech, I was immediately struck by the power of his positioning statement. How many times have we heard nonprofit executives stumble when we ask them to tell us what they do? The attention span of an average questioner is about 30 seconds - and by that point many nonprofit execs are just getting started! When I arrive at a venue where I'll be giving a plenary session speech or conducting a workshop, I make it a point to introduce myself to as many people as possible before I begin, and I always ask them what their organizations do. Some can give me crisp, direct answers. Many stumble, as if the question surprises them. Some try to cover the waterfront, to make sure I understand *everything* they do, and my eyes glaze over.

And a few never do explain things intelligibly.

Even those who have carved their elevator pitch down to a bite-sized chunk frequently do it in soft, “nonprofit” terms: “We help people who are developmentally disabled live independently,” “we help people enter the mainstream of society,” “we provide vocational training services” and the like. Few make people sit up and take notice the way the audience did in San Diego when Berger introduced them to Partnerships with Industry.

Marketing, as I've said before in this column, is not simply a matter of creating a brochure, writing a press release or changing a price. Fundamentally, marketing is about winning a share of mind—and that means busting through all the clutter assaulting the minds of our target audiences. Berger certainly did that. His three-word phrase “We create taxpayers!” came as a surprise to everybody in the room and woke them up. From that point on, he had their attention.

Because marketing is a battle of ideas, the goal should be to stake out territory nobody else can occupy—to own a single word or phrase in the minds of stakeholders that pre-empt a powerful attribute and makes it unavailable to others. There are a lot of nonprofits providing services to people who are developmentally disabled—but Berger's phrase sets his organization apart from any other I've come across. He's found a way to *differentiate* PWI, the first step in creating a memorable image. It may be that others will begin to use his phrase, but PWI will have been the first—and the phrase will belong to PWI so long as it's reinforced and repeated.

Berger is well aware that everything an organization does begins and ends with its image—and that image already exists whether you want it to or not. The only question is whether you will help shape it or leave the job to others (your competitors). People have a tendency to reduce organizations to a few simple traits, and the image of your organization that exists in their minds is nothing more than what remains after everything else is said and done. Berger is making it easy for them: “We

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

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Strategic Management of Women's Social Enterprise

by Kalyn Culler Cohen & Cindy Arnold

Among the signs of the growing maturity of the social enterprise sector are the questions people are asking of it. Not long ago, these questions were confined to the greater issues of definition and justification: What is a social enterprise? What is it for? How is the “earned income venture” different from the “social-purpose business”?

More recently, people have begun to ask exacting questions about method. How does a training business (a café or ice cream shop, for example) give customers good service while allowing inexperienced workers to learn and make mistakes? How does a social-purpose business plot a growth strategy that will increase revenue and serve the interests of employee/clients? How can it encourage long attachments when there is little room to financially reward employees for their loyalty? And, is there any sense in which the management of social-purpose businesses is gendered?

In this article, we ask what makes the strategic management of social-purpose businesses special. About two years ago, the **Ms. Foundation for Women** sponsored a study to look at the management of mid-sized women's social purpose businesses (SPBs)¹ in the U.S. Three ventures, all grantees of the Ms. Foundation, were examined:

- **Appalachian By Design's** (ABD) flexible manufacturing network of rural women produces luxury knit-

ted baby garments and “made-to-order” knitted women's suits. For-profit microentrepreneurs sell their garments to the nonprofit ABD for finishing and marketing.

- **El Puente Community Development Corporation**, an SPB incubator, has created five businesses in El Paso, Texas. All are managed by older (40–60 year old) Latina workers displaced from that city's garment manufacturing industry as a consequence of the North American Free Trade Agreement.

- **Childspace Management Group (CMG)**, a worker-owned company, operates three childcare centers in inner-city Philadelphia. It is one of the larger providers for low-income children in the city and among the few centers serving low-income families accredited by the

National Association for the Education of Young Children (thereby attaining the nationally recognized standard of quality care).

Each SPB meets three simple measures of effectiveness: It has grown to a mid-sized organization (40–50 staff). It has some longevity (at the time of the study, one was 16 years old, one was nine, and the youngest was five). Finally, it has received recognition for its work from regional or national organizations.

This was an exploratory study, designed to help determine the scope of subsequent, more definitive, research into mature social-purpose businesses. Here we present some conclusions based on the initial research.



Appalachian By Design knitter

The unequal distribution of caring responsibilities makes flexibility indispensable to the effectiveness of social-purpose businesses serving low-income women.

¹ By “social-purpose business” we mean a business that is creating jobs for people with multiple barriers to work.

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Women's Social Enterprise

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Flexibility in the Workplace

All three businesses structure work to accommodate women's multiple responsibilities as employees, care-givers, and community members. Although each business provides flexibility uncommon among traditional, low-wage companies, each does so in a different manner. There is no "one-size-fits-all" solution. Instead, it is essential to find a careful match between the business' needs and the employee needs in order to find a flexibility that can be sustained.

This—probably our most “gendered” finding—extends into low-wage sectors research conducted on such corporations as **Xerox**, **Corning**, and **Tandem**.² This research indicates that flexible work structures serve companies by increasing productivity and reducing employee burn-out. Corporate research found that flexible work structures are desirable to all employees, male and female. Our findings do not dispute this, but, instead, underscore that the unequal distribution of caring responsibilities makes such flexibility *indispensable* to the effectiveness of social-purpose businesses serving low-income women.

For example, ABD serves a rugged, rural area about the size of Texas and one of the poorest regions in the U.S. The roads in this area are often impassable during inclement weather and there are few formal facilities for childcare or eldercare. The flexibility that matters to ABD's knitters is having their work as home-based as possible. Thus, ABD has organized



Diseños Mayapan

its processes to limit the amount of travel knitters must do. Training is done one-on-one in a knitter's home or the home of a nearby master knitter. The finishing center staff will mail yarns and other supplies and knitters often deliver their finished products by postal or UPS service. ABD has even helped over half of the knitters acquire computers so that patterns can be e-mailed and directly transferred into state-of-the-art looms.

Access to Management

Our second finding is that all three SPBs provide workers true access to the top levels of decision-making through ownership, board seats, and aggressive management development programs. This is, most likely, an expression of founders' commitment to women's empowerment. Nevertheless, it brings profound benefits to managers. Workers feel valued

and respected, which helps managers in their effort to create quality jobs while remaining a viable business in a low-wage industry.

Childspace's ownership structure, for example, means that workers comprise the board where budgets are set and annual pay raises decided. Wearing “multiple hats” in this way gives staff a new perspective. In the words of two teachers:

“You actually see how much money [the company] gets and where it goes. A lot of people think they pay a lot for childcare. . . . But [they don't see the whole picture.]”

And, more succinctly, “I understand why the pay is low. It's not that they're not trying [to raise the pay,] it's just not there.”

Improving Job Quality

Patience and loyalty are also fostered by a third attribute of these businesses: A driving force in the growth strategy of all three is to

² See, for example, Rapoport, Bailyn, Fletcher, and Pruitt, *Beyond Work-Family Balance: Advancing Gender Equity and Workplace Performance* (San Francisco, CA: Jossey-Bass, 2001.)

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improve job quality. For these SPBs competing in “women’s sectors,” one of the greatest management challenges is balancing the desire to create decent jobs with the need to remain viable in a low-wage industry. It appears that these mature SPBs constantly scan their environments for ways to improve the jobs they offer. If and when such an opportunity emerges they pursued it aggressively, despite the significant risk it might involve.

An example of how improving job quality drives a SPB’s growth strategy can be seen in a recent strategic decision by El Puente CDC. El Puente is committed to providing former garment workers with access to and training for management positions in its businesses.

El Puente’s first four businesses—a childcare center, a restaurant, a craft import store, and a property management business—were unlikely to grow beyond mid-size. Its fifth initiative was different: It would manufacture hospital scrubs to fit immigrant hospital staff in a region with thousands of Latina hospital workers.

Diseños Mayapan had the potential to grow into a million-dollar business with a substantial number of employees. This potential and the management team that El Puente had assembled for the purpose garnered El Puente the grand prize in the prestigious National Business Plan Competition for Nonprofit Organizations held by the **Yale School of Management** and the **Goldman Sachs Foundation** (2003).

Shortly after winning the prize,

however, El Puente was faced with a difficult strategic decision. Publicity surrounding the Business Plan Competition could expose

Women’s social enterprises—with their dual obligation to create decent, empowering jobs and family-friendly work cultures—are at the forefront of transforming traditional business practices.

to competitors Diseños Mayapan’s market niche, so it was important to launch the business with all speed. Unfortunately, the lead manager was unable to take the helm of the project at that moment. A traditional business would likely have followed consultants’ advice to hire an experienced manager who could grow the business quickly and protect the niche. But as a social purpose business El Puente felt that its commitment to growing internal managers took precedence over market considerations. It opted to hire a less experienced manager and keep the business small until she had consolidated her skills.

Investing in Broader Social Change

Each of the examples above has revealed how SPBs have bent the traditional idea of “market strategy” to grow a business in ways that further its social mission. The following

example illustrates a market strategy that is unique to SPBs: investing in broader social change.

Childspace’s organizing and training arm is called Childspace CDI. It organizes both workers and employers to advocate public policies that bring more resources into childcare. It has had a number of recent successes in this regard.

Prior to 1999, wages of Pennsylvania childcare workers relative to other workers in the state ranked the lowest in the country.³ In that year, Childspace CDI and other groups organized a successful drive to raise reimbursement rates by 14.2%. Childspace CDI then organized employers to advocate for increasing the income eligibility for subsidized care from 185% to 235% of the federal poverty rate. This allowed more families to access subsidies.

These organizing successes have directly benefited CMG by increasing both the amount the state pays for the care of low-income children and the number of families eligible for this subsidy. What is less obvious is this: Combining a training and advocacy nonprofit with the centres’ management company helps maintain the senior staff’s interest and commitment in a field where there is little room to financially reward workers.

Several senior staff split their positions between the centers and Childspace CDI in order to ensure that advocacy is being done by front-line managers. (There are similar programs to involve workers directly in advocacy.) Shared staffing also allows the centers to spread the managerial workload more broadly.

In most centers, directors are asked to handle billing, receivables, and the other financial aspects of the business while managing staff, pro-

3 Annie E. Casey Foundation, Kids Count Data Book, 1999

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viding training, and interacting with parents—a recipe for “burn-out”.⁴ At Childspace, because some directors split their jobs between the nonprofit and the centers, CMG can afford a “technical director” who handles all the financial aspects of operating the centers.

In short, Childspace's advocacy work allows the centers to redistribute the responsibilities of management in a way that rationalizes the director's job and frees directors to become involved in advocacy—with-out a loss in pay.

Making Sense of the Results

In sum, these studies suggest that the management of effective women's social enterprises is both special and gendered. Firstly, these businesses structure work to accommodate women's multiple roles as employees, care givers, and community members. Secondly, they are committed to women's economic empowerment, and express this by providing front-line workers true access to the top levels of decision-making. This helps workers to understand the constraints under which the company functions, and encourages their participation in efforts to change the sector in which the SPB operates. Finally, effective SPBs' strategies are driven by the goal of improving the quality of the jobs they offer.

The social enterprise sector is growing rapidly in both cachet and in numbers of businesses. With this has grown its eagerness to tap the knowledge of the traditional business sector. But what is transferable from

Tri-National Women & Social Enterprise Network

The most successful women's economic development initiatives (both microenterprise networks and SPBs) are intensely local. Yet this very key to their success—their localness—also limits the breadth of their impact.

With the aim of growing their economic impact, women from nearly 30 organizations in Canada, the U.S., and Mexico convened in Montreal in 2004. All were experienced in social enterprise and saw it as a key strategy for lifting low-income women out of poverty while providing them with the tools to influence their own destiny and public policy.

All, of course, were also aware that the forces affecting the work available to women with little formal education are increasingly of an international nature. Such agreements as NAFTA are altering the economic landscape.

The participants concluded that it was important to be affiliated at multiple levels. Thus, following Canada's lead, women in the U.S. and Mexico each agreed to initiate a national membership group to promote women's social enterprise and bring a women's lens to economic development policy. They also agreed to convene as an international group about every 18 months under the umbrella of the Tri-National Women and Social Enterprise Network.

This international network is committed to advancing women's social enterprise models and building alliances that strengthen the credibility of this approach to women's economic empowerment. The Network will also collaborate on national and international policy that promotes progressive social change.

For further information, write ✉ info@wseweb.org.

traditional business, and how? As this research shows, in key areas, such as growth strategy and work structure, where mission is a dominant lens, traditional business practices must be reshaped in order to be of practical value. Mature women's social enterprises—with their dual obligation to create decent, empowering jobs and family-friendly work cultures—are at the forefront of this process of bending and transforming. ■

KALYN CULLER COHEN holds a doctorate in the diffusion of innovations, and has been a management consultant to women's social enterprises for 14 years. She is Co-coordinator of the Tri-National Women & Social Enterprise Network.

She can be reached at ✉ KCC@wseweb.org. CINDY ARNOLD is founding Executive Director of El Puente Community Development Corporation and Co-Coordinator of the Tri-national Women & Social Enterprise Network. Contact her at ✉ Cindy@wseweb.org.

The authors wish to acknowledge the Ms. Foundation for Women which, suspecting that careful reflection and analysis of these businesses' experience would be fruitful for the field, funded this exploratory research. They also wish to thank the women in all these businesses who made themselves available for interviews.

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➔ www.cedworks.com/waves

⁴ Denise Dowell, “Replication Stories,” Childspace CDI replication archives, 1996.

Measuring Impact In Three Contexts

by Rolfe Larson and Andy Horsnell

In the npEnterprise Forum, the official listserv of the Social Enterprise Alliance, our 3000+ subscribers discuss practical ways that nonprofits can enhance their organizational capacity, mission impact and financial sustainability by developing business activities that generate earned income. Subscribers include experienced nonprofit enterprise leaders, funders, academics, consultants, and others, who post questions and answers on various social enterprise topics. Since it's a moderated listserv, there's no spam and a maximum of two to three messages per day.

This article draws upon the many excellent comments that our subscribers have posted regarding measuring the financial and social impact of social enterprise. (Note: postings have been edited for clarity and space.)

Reflections on REDF's Experience

Joe Beckmann, Oekos Foundation: The **Roberts Enterprise Development Fund (REDF)** has conducted some very intriguing research on economic and social returns on investment. And it does make immense sense that this kind of evaluation be pursued to identify levers or pry-points where small investments produce large outcomes. Yet, even with the sophistication of the REDF findings—or those of Soros or other social enterprise/venture philanthropies—it seems they undervalue or do not attach serious enough significance to some of the social benefits of economic failure. As Arianna Huffington's shadow conventions highlighted, this rising tide has failed to raise all boats, in spite of the rhetoric of Republican and Democratic affluence. What is the economic equivalent, for example, of reducing the number of doubled up families in public housing, or reducing the number of multiple jobs held by low-income people to afford adequate childcare? There is, or there ought to be, some clear measure or standard, and that standard ought to reflect positively on the local economy and attract new business, etc. Yet without adequate market information, how can new business or investment flow to successful centers, or enrich less successful centers to move

The fourth in a series of articles compiled by Rolfe Larson and Andy Horsnell

to higher levels of productivity? Does REDF anticipate producing regional market documentation to encourage this kind of investment?

Julia Jones, Roberts Enterprise Development Fund: REDF does not claim to have the total solution to the issues. We do not think that someone should look at a simple

return on investment number and make a decision. We are trying to put information out to get reactions such as yours so as a community we can advance our thinking.

That said, REDF's research is not focused on identifying "levers or pry-points where small investments produce large outcomes". Rather, we are trying to find ways to measure how much impact an investment has. This may sound the same to you, but the difference to me is that this is not really about the size of the investment—but making sure that any size investment has as much impact as possible. Right now, many nonprofits measure the impact of their program based on how many people were served, etc. This does not tell what the impact was on the people or on the community. We are trying to really find out the impact of the work of the social purpose enterprise on the individual and the community/public.

We are also trying to find ways to demonstrate the tangible value of the work of the social sector in order to increase access to capital. Historically, many nonprofits have been funded using grants—which has left them subject to the whims of the funding community and frequently has resulted in the underfunding of organizational infrastructure (many foundations used to fund only programs – not general funds). Earned income strategies have been around a long time—but it can be difficult to focus on both the social mission of an organization and running a profitable business. We are trying to quantify the benefits provided so that investing in nonprofits becomes more attractive to a wider range of individuals.

However, a shortcoming in trying to come up with a number is that many things aren't quantifiable. Our work so far has focused on Social Purpose Enterprises—businesses run by nonprofits to provide supportive employment to people with barriers to employment (like mental

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Measuring Impact

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illness, homelessness, etc.). Within this field, there are benefits we can quantify. For example, we can quantify increase in wages for an individual (and the corresponding tax contribution to the community), or the decreased reliance on public assistance. We can measure whether the person is financially better off after participating in the program (do their after tax wages and benefits more than make up for any public assistance/medical that they have lost). However, it is very difficult to quantify the benefits of no longer doubling up families in apartments or the generational effects of being employed. The way we deal with this is by saying that no one should make a decision by focusing on just one number. Look at the quantifiable results but also look at the change in the person's life—has their housing situation stabilized, do they have social support, etc. All of this information and more should be considered.

At the same time, I do not believe that entrepreneurship is the answer to all of our problems. Even if getting a job with a social purpose enterprise improves the situation for a person, this improvement only goes so far. For example, in San Francisco, a person would have to make \$30 per hour (and work a 40 hour week) to only spend 30% of their income on rent for an average two-bedroom apartment. Many businesses that employ people with significant challenges to employment do not have margins that would support paying \$30 an hour plus benefits. It frequently costs more to employ these workers than others without the same challenges.

“Social entrepreneurship has not created the wealth in inner city communities that I would really like to see.” —Julia Jones, REDF

In the for-profit world, people are constantly saying that paying a living wage would make them economically uncompetitive. Non-profit run businesses cannot really have a totally different cost structure and compete with for-profit businesses. If non-profits pay more, their prices would typically have to be higher—unless they have reached a point where they are very profitable—however many businesses (both for and non-profit) NEVER become profitable. So...we need to do more than just create jobs to really improve our communities. Social entrepreneurship, so far, has not created the wealth in inner city communities that I would really like to see. I'm not sure what the answer is right now. I just know that we are not completely there yet. In the San Francisco Bay Area, the gap between the haves and have-nots seems to be growing. The area is becoming less and less livable—and I am not sure what we can do to reverse this trend.

The Toronto Enterprise Fund

Mary Ferguson and Janet Murray, Eko Nomos: We're excited to share with the SEA Network an electronic publication called *The Business of Inclusion*, a series of papers that summarizes our learning from the developmental phase of the **Toronto Enterprise Fund (TEF)**, [↪ www.torontoenterprise-fund.ca](http://www.torontoenterprise-fund.ca).

Since its inception in 2000, the Toronto Enterprise Fund has supported the development of 15 social purpose enterprises working with homeless and low-income people. TEF has also invested in research and evaluation to document and disseminate our learning about effective practices in developing enterprises and to assess what happens to the low-income people who are involved in those enterprises.

We've been following the recent conversation thread that discussed the evaluation of social returns in this work. Over the past five years we've been using an asset-based Sustainable Livelihoods framework to explore five critical dimensions of results. We've had a great deal of success using participatory and collaborative research methods to document outcomes (particularly the harder to measure qualitative indicators).

The Business of Inclusion explores both sides of the double bottom line. Some papers look at the business side of the equation, supporting feasibility assessment and business planning, but it is the papers that look at the social side of the equation that we think provide the most significant learning.

We encourage those who are interested in learning more about low-income people's transition out of poverty to have a look at the following papers in particular: *Report 7: Stages of Livelihood Development through Social Purpose Enterprise* [↪ http://urlsnip.com/536427](http://urlsnip.com/536427), and *Report 10: Participant Outcomes* [↪ http://urlsnip.com/371644](http://urlsnip.com/371644).

The UK Experience

Kath Critchley, Social Firms Scotland: SROI (social return on investment) and its various calcula-

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Counterpart International—Bulgaria

by Michelle Provorny Cash

Maria Ilcheva, Program Director for Counterpart International - Bulgaria and Executive Director of the Association of Social Enterprises in Bulgaria recently spoke with SER about Counterpart International - Bulgaria and the state of social enterprise in Bulgaria and Eastern Europe.

Q: What type of work does Counterpart International - Bulgaria do in the arena of social enterprise?

A: Counterpart International is an international non-governmental organisation dedicated to “helping people and communities to help themselves”, and it operates in more than 60 countries around the world. In 2001, Counterpart began implementing the **Bulgaria Community Fund** and **Social Enterprise Program** with funding from the **United States Agency for International Development (USAID)**.

The Program seeks to build social enterprise in Bulgaria by assisting social service NGOs in identifying, establishing or expanding existing social enterprises; enhancing organizations’ capacity to operate viable enterprises; developing NGOs’ financial and management capacity; increasing access to finance; and fostering Bulgarian business consultants’ capacity to support social enterprises.

We work towards these objectives by providing training and technical assistance, access to finance, organized study tours, networking and information exchange opportunities, and by facilitating the creation of a Bulgarian social enterprise network.

Counterpart believes that non-profits with ideas for social enterprises should receive extensive business training in order to develop adequate business skills in marketing, financial management, accounting and business plan development. We also believe that training should be packaged with adequate technical assistance and interaction with business consultants, who help start and develop the business venture. The program maintains a resource center with a database of social enterprise consultants.

Counterpart takes several steps to make the program successful. These include:

- *Popularizing the Social Enterprise Concept*

through media campaigns that promote public awareness and understanding at the local and national level about social enterprise. We also encourage social enterprises to use a consistent and focused approach to explain the concept and the benefits that such ventures bring.

- *Working Closely with Business Consultants* to assist social enterprises and to provide the consultants themselves with assistance to ensure that they are able to deliver needed guidance to these enterprises.

- *Mentoring Social Enterprises* through active work with participants— in groups and individually—to help them build the skills and knowledge necessary to run a successful business venture. In addition, Counterpart trained successful social enterprises to provide mentoring and advice to start-up social enterprises, thus enhancing the network and the exchange of experience.

Q: How many organizations does Counterpart support? What kinds of work are they doing?

A: 45 social enterprises in Bulgaria are currently participating in the Counterpart program. They occupy four main sectors.

The first group, social and health care organizations, generally runs business ventures that have strong mission relevance, a high level of social networks and community involvement and a low level of entrepreneurship. Second is the educational and training services sector. These enterprises contribute to social innovation by working toward the integration of disadvantaged groups—particularly those with learning and physical disabilities—through skills development and the creative use of technology.

Childcare services, the third area, is a growing niche for social enterprise. Although these enterprises have great potential, the non-profits in this sector have to develop better products and services in order to compete with the private sector. These organizations show social innovation by providing flexible service with minimum fees in order to enable low-income families to have better chances for employment and income.

Finally, Counterpart supports social enterprises in the production and trading sector. These organizations are mainly involved in the production of crafts, clothing, agricultural products and honey. This is indisputably the area

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that provides the most opportunities for work integration and for employing disadvantaged groups. Agricultural social enterprises also drive local economic development in isolated areas and employ individuals who have been unemployed over a long term in an underdeveloped labour market.

Q: How is the social service/not-for-profit sector organized in Bulgaria?

A: Changing social and economic conditions and the accession process to the **European Union** have marked Bulgarian social policy in the last ten years. In response, social policy principles have dramatically shifted from passive social protection towards active social policy. However, since the beginning of the transition in Bulgaria there has been a dramatic increase in poverty and social needs. This trend is opening a niche for the social service NGOs to participate actively in the planning and provision of social services and to develop social enterprises to provide employment for disadvantaged groups.

Since the 1990s Bulgaria has experienced a dramatic growth in the number of civil society organizations it houses. However, the American-based non-profit models and practices that were encapsulated in Bulgaria rarely considered local factors. Additionally, Bulgarian NGOs have high donor dependency and a low capacity to mobilize resources.

Q: How have Bulgarian NGOs reacted to social enterprise?

A: Implementing the Social Enterprise Program has been challenging; and it has been difficult to

transform the way that many NGOs think about business. The biggest challenge for social service NGOs that want to develop social enterprises is balancing business viability and social objectives. In some cases, the social activity and the business activity may be in conflict. For example, people delivering social services as a part of a social enterprise's business activity are still hesitant to request fees for these services, because it contradicts their belief that they should help socially marginalized people. Additionally, social service recipients are not accustomed to paying for these services.



Samaritans Association Bee-keeper

Photo: Counterpart International-Bulgaria.

For many years, the provision of social services was basically the State's responsibility. With the decentralization of the social service provision that is currently taking place in Bulgaria, things are slowly moving towards contracting out these services to local businesses and NGOs. Social service delivery will thus improve considerably, because there will be strict guidelines and reporting systems, and NGOs that have been providing these services at the local level are more experienced and much better able to supply and main-

tain accountability for these services. All in all, Counterpart sees social enterprise as a way to provide great benefits to the socially marginalized communities we seek to help.

In the Bulgarian context, social enterprises have shown a potential to serve as mechanisms for social inclusion, creating jobs for people outside the mainstream labour market. Moreover, they produce products with added social value that helps disadvantaged groups and communities throughout Bulgaria.

Q: What sorts of programs and initiatives are in place to foster (or inhibit) social enterprise?

A: Social enterprises can improve their assets and operational base by drawing upon government programs that target social infrastructure. These include the Beautiful Bulgaria program, which is implemented at the municipal level and funded by EU and state budgets for renovation and for the construction of social service infrastructure; and the Social Investment Fund, which provides funding for social and community based projects for the improvement of social services. Nonprofits that render social services must have a license from the National ASA in order to apply for funding from the "Social Assistance" Fund.

Additionally, some of the programs that encourage the employment of disadvantaged groups are open to social enterprises. New laws and statutes that were recently adopted to encourage employment have represented a significant development. At present Bulgaria has harmonized with European legislations that encourage employment, and these will likely be applied rapidly, given the difficult socio-economic conditions in the country.

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The period before Bulgaria joins the European Union will be crucial for positioning social enterprises in the government's social sector strategy. At stake is access to EU Structural Funds, which will be the main source of funding in the period between 2007-2013.

Q: Please tell us about one of the programs that Counterpart supports.

A: The Samaritans Association is one of the most respected social service organizations in the city of Stara Zagora, and also works at a national level with at risk and street children. Its goal is to create a better future for children, and it manages the **Samaritans Center** for social and educational support of Stara Zagora's street children.

In early 2002, the Samaritans launched a social enterprise that engages in beekeeping and is active in the production and trade of honey, honey products, and apiary equipment. Beekeeping and honey production is perceived as a priority sector in Bulgaria with a potential for growth and state funding. It is also a sector that can create a lot of employment opportunities for young people and development opportunities for disadvantaged communities. The enterprise's goal is to generate the necessary resources to implement the Samaritans' mission of social services for marginalized children, youth, and families through the **Center for Social and Educational Support**.

The Samaritans Association has an entrepreneurial and enterprising culture, and this flexibility helped them build up their production

assets without investing a great deal of their own capital. The Samaritans initially invested \$2,000 from the Association's Reserve Fund, which they created by setting aside 5% of each unrestricted donation made to the organization. Their other financial resources included a matching funds program, which raised \$5,000, and tangible assets in the form of land valued at over \$16,000.

However, they showed their greatest innovation in launching an initiative called "Buy a Beehive, Help a Child", for which they asked all their donors and partners—private international foundations and grant-makers—to invest in their venture by buying beehives. The investment in one beehive can be returned back at the end of the first year, and that the asset continues to generate income for the next 15 years, thus supporting the organization's social activities. It is easy to become a donor for the purchase of a beehive, as the total cost of a fully equipped beehive is 200 BGN (100 EURO). Although this is a one-time donation, it brings multiplied income. This approach has allowed the Samaritans to build their production base, and the Association is currently developing a training center for modern beekeeping technologies that will serve as a training incubator for young beekeepers.

Q: How do the Loan Fund, Social Enterprise Association and Social Contracting Program operate?

A: The Social Enterprise Loan Fund finances social enterprises while enhancing their financial management capacity. Many Bulgarian social enterprises consider bank financing too high-risk. USAID provided the funding for the Loan Fund. A nonprofit can take out a loan of up to \$5000 US Dollars to meet the needs

of a social enterprise and its business activities, and loans may be used for fixed assets and/or working capital. Organizations have 2 to 24 months to repay the loans, at an interest rate between 0 to 12%. Collateral is a personal guarantee, pledge or mortgage.

The **Association of Social Enterprises in Bulgaria** was founded in November of last year by social enterprises from the Counterpart network. It includes 26 social enterprises from 20 regions, and works towards more effective advocacy and lobbying efforts to create an enabling environment for social enterprises. The association acts as a single voice for social enterprises, and represents their interests before the public bodies. Members also participate in a working group for legislative changes, which formulates and submits proposals for legislation in support of social enterprises in Bulgaria.

The Social Contracting program began in 2004 with two pilot municipalities—Stara Zagora and Gabrovo—that operate Community Funds. The program has helped define a model methodology for social service contracting in the municipalities, and has helped them identify their social service needs. Counterpart and the **Bulgarian Center for Not-for-profit Law** carried out a great deal of research in order to stimulate the process of social contracting among NGOs and municipalities, and we studied international best practices and published a special analysis that included examples of Bulgarian practices. Other municipalities have expressed interest in the program, and we have begun providing assistance to them and have organized three social service delivery competitions in Dryanovo and one in Troyan.

We plan to extend the Social Contracting program until mid-

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September 2006, in an effort to open the program to new municipalities and further disseminate social contracting practices and provide greater access to program results. The Social Contracting Program has been successful in raising local governments' awareness about the possibility of contracting out social services in order to deliver them more effectively. Thus, Bulgarian local governments recognise the role of the NGOs as providers of social services and are more open to joint planning and cooperation. We envision social service delivery as a major source of income for social service NGOs, and see it as a means to help Counterpart enhancing local NGOs' sustainability.

Q: What are some lessons that you have learned that can help organizations working outside Bulgaria?

A: Counterpart's experience in Bulgaria has taught us the following:

Create an Enabling Environment—Lobby for policy recognition and governmental support.

In a recent survey, 80% of Bulgarian nonprofit organizations

noted lack of governmental policy as a major obstacle to social enterprise (BCNL, 2005). This lack of awareness and recognition is present among government, businesses and local stakeholders. Policy-makers in Bulgaria have clearly not considered social enterprise as a potential solution to wide range of social and economic problems.

Develop a Knowledge Base for Social Enterprises—Establish a coherent and accessible knowledge base and avoid fragmenting the support infrastructure. It is crucial to develop an infrastructure to provide business support services for the initial stages of social enterprise development. While much of the support available to mainstream business—primarily through business centers and agencies that focus on small business—is relevant to social enterprise, the particular requirements and characteristics of social enterprise require better recognition from Government, business, and professional business advisors. It is also important that the sector share knowledge and experience through networks.

Establish a Legislative Framework for Social Enterprises—The legislative act that allowed Bulgarian non-profit organizations to conduct income-generating activities has helped develop social enterprises

in our country. Although the law provides for opportunities to start a social enterprise, there are still lots of other obstacles in the legislative framework—including the fact that there are no tax incentives for social enterprises (which are treated like commercial entities). Another major obstacle is that the term “social enterprise” is not legally recognized in Bulgarian legislation; thus, it is difficult to gain consideration under legislation that provides incentives to those that offer employment and skills development to disadvantaged groups.

Engage in International Networking and Collaboration—Share experience and good practices with other EU member countries, and initiate joint projects to transfer experience and knowledge that assists social economy organizations. ■

Resources

Counterpart International - Bulgaria
➔ www.counterpart-bg.org/index.php?lang=en&PHPSESSID=805c788210fdd2f375958c2d13171711

Samaritans Association
➔ www.samaritansbg.com/samaritans_new/?language=en

Michelle Provorny Cash is *Social Enterprise Reporter's* Managing Editor.

Boschee On Marketing

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create taxpayers!”

A positive image enhances employee morale, gives donors additional confidence, improves community relations, lowers your cost of sales, enables you to charge higher prices, speeds market penetration, builds customer loyalty and enhances your ability to recruit. It is hard to achieve—but simplicity and memorability are the keys, as Berger has demonstrated.

So, what is the single most important thing you would like people to remember about *your* organization? ■



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 ➔ www.socialent.org, which he created in 1999, and is the former President and CEO of The National Center for Social Entrepreneurs. His most recent book (February 2006) is *Migrating from Innovation to Entrepreneurship: How Nonprofits are Moving toward Sustainability and Self-Sufficiency*. Please direct your comments to ✉ jerr@orbis.net.

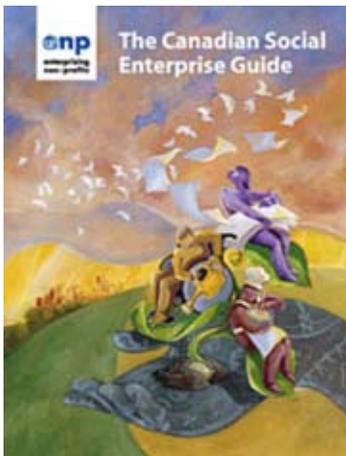
The Canadian Social Enterprise Guide

Review by Penny Handford

The Canadian Social Enterprise Guide

\$25. Published by the Enterprising Non-Profits Program. Order online at

www.enterprisingnonprofits.ca



The Enterprising Non-Profits Program (ENP) is a funding partnership in Vancouver, Canada. ENP has published *The Canadian Social Enterprise Guide*, which consists of chapters by different authors covering various aspects of business ventures development by non-profit societies and co-operatives. It does not deal with issues related to for-profit businesses or for-profit co-operatives even if they have a social purpose. With this limitation and except for the information on legal and tax matters,

the *Guide* will be helpful for emergent social enterprises in any location.

The *Guide* starts with the insights of a cross section of Canadian social entrepreneurs. Their comments are also used, throughout the text, to illustrate some of the discussions.

The issues involved in readying a non-profit to develop a social enterprise are many and complex and could take up the whole guide. “Readiness for Social Enterprise”, provides an informative overview of many of the topics. However, although the Agency Self-Assessment Questionnaire at the end of the chapter could be used for discussion purposes, I caution against using it any other way. The scoring system does not accommodate the complexity of the questions and could produce misleadingly high scores inspiring a false confidence. I had the impression that the questionnaire had not been “road-tested.”

“The Enterprise Development Process Continuum” clearly sets out the stages in social enterprise creation. “Assessing Enterprise Opportunities” gives a practical, systematic, approach to generating and assessing ideas. It will be of assistance to non-profits that are planning to do their own feasibility study as well as those that are planning to hire a consultant to help them. I thought more attention could have been paid to explaining the

difference between “need” and “market demand,” as this is something with which people from non-profit backgrounds often struggle.

“Planning Your Social Enterprise” is excellent. It not only examines the technicalities of preparing a social enterprise business plan but also provides a lot of information about why different sections of the plan are necessary and how to set about writing them. The discussion of the financial component of the plan, including how to articulate realistic assumptions and conduct a sensitivity analysis, will be appreciated by those who are unfamiliar with creating pro forma financial statements and financial projections.

“Performance Measurement” addresses the complex issue of assessing social impact. It discusses evaluating the enterprise, the organization, and the mission. It also contains questions, adapted from a social audit framework, which will assist agencies either to create their own social impact measurement system or to adapt one currently in use. There is a brief overview of a number of social impact measurement approaches and website addresses for further information.

Although of interest primarily to Canadian social entrepreneurs, “The Legal Context” is first-rate. It provides the relevant Canada Revenue Agency and Income Tax Act information in a clearly understandable manner.

The Canadian Social Enterprise Guide is a valuable aid for social entrepreneurs. As it does not cover start up or growth/reinvestment, it will be most useful to those at the early stages of social enterprise development. ■

Penny Handford, ChangeWorks Consulting, is a consultant in Vancouver, BC, Canada. She is a sessional instructor in social enterprise for the Community Economic Development Professionals Certificate Program at Simon Fraser University and has written a *Guide to Financing Social Enterprise* available at www.smallbusinessbc.ca. Contact Penny at changeworks@telus.net

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well prepared for enterprise development. She asserts that social enterprise is a relevant use of time and resources for a nonprofit when three factors are in place: The “right” people, plan and capacity.

Non-profits do not inherently have the internal entrepreneurial talent required to be successful at social enterprise and not all nonprofit leaders are entrepreneurs, says Beavor. “If a leader has been there a while and already has established a culture of planning, execution and getting the right people in the right jobs, it’s easier. If they don’t, it’s harder to make the shift. Sometimes you wind up with almost two organizations under the same hat.”

Although she believes that social enterprise may not be an logical step for all organizations, Beavor encourages organizations to explore social entrepreneurship—thinking about their nonprofits in a more business-like way—by “looking at performance and measuring how you are doing, as other small businesses do. When

“A social enterprise should not be launched if the organization is not firmly grounded in its mission at the board and staff levels and has not demonstrated managerial and programmatic effectiveness.” —Doug Sauer, Council of Community Services of New York State



Barbara Levin, MSW
Program Coordinator
Alliance for Building Capacity
George Warren Brown School of Social Work at Washington University

stepping into social enterprise, be sure your organization has a stable infrastructure.”

Doug Sauer, Executive Director of the **Council of Community Services of New York State** concurs. “A social enterprise should not be launched if the organization is not firmly grounded in its mission at the board and staff levels and has not demonstrated managerial and programmatic effectiveness,” he says. “The issue is more one of competency than a particular life cycle.”

Creating an Organizational Culture to Support Enterprise

MSOs often begin their work with clients by creating an organizational culture that supports enterprise. Many nonprofits are reluctant to embrace the idea of marketing and competition; however, MSOs assert that exploring these concepts can help organizations think more clearly about their aims.

“Asking people to positively embrace for-profit practices can be

very challenging,” says Amy Casavina Hall, Director of Civic Engagement and Outreach for the **Institute for Nonprofit Development at Mount Wachusett Community College in Massachusetts**.

Traditional non-profit cultures that are not open to business principles—such as the concept of the “bottom line”—may undermine their social enterprises’ success. Additionally, nonprofit boards of directors, staff members, or constituencies may express resistance to the idea of charging for services.

Planning to Succeed

Beavor is a big believer in business plans, part of which includes understanding human resource needs. “If you want to run a successful business, you’ve got to get the people who know how to run it,” she says. “The bottom line is that at the end of the day, it is a business.” Barbara Levin, Program Coordinator for **The Alliance for Building Capacity at the George Warren Brown School of Social Work at Washington University** in St. Louis, Missouri, says that her program provides business planning because, “We know most small businesses fail because they don’t have a plan.”

Non-profits need to consider several factors when creating an effective business plan, including doing a competitive analysis and figuring how to marry the mission to the goal of generating income. “You’ve got to understand your market, how to price, your competitors, finances, and what the product costs,” says Beavor. “It will be more costly to respond to market changes than to proactively enter a market.”

Not everyone agrees that social enterprise needs to support a mis-

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sion. "Some efforts are directly attached to missions and some aren't," notes Beavor. "Not many people understand unrelated business income tax (UBIT) and avoid it. If you are subject to it, you factor it into your business plan."

Client Empowerment

Research indicates that while the primary reason non-profits engage in social enterprise is to help earn income, the secondary reason is to empower their clients, Levin notes. "Some nonprofits are willing to start these things even if it doesn't drive income because it helps clients with salaries or job training skills." Sauer agrees that nonprofits that use clients in ventures clearly aligned with their service mission through job training are the best examples of client empowerment. "If it doesn't empower clients, then I'm not sure why an organization would be doing it," says Casavina Hall.

One successful example of client empowerment is the **Georgia Justice Project**, a law venture that operates a landscaping business as a social enterprise. Participants build job skills from the ground up: from cutting grass to routing the trucks. Lawyers and social workers started the **New Horizons Landscaping** (NHL) enterprise because their clients, who were former inmates, couldn't find jobs.

The program floundered for a long time, and the founders began to question why they were doing it. In 2005 NHL lost \$25,000 on \$300,000 in sales. The Georgia Center for Nonprofits helped GJP with a marketing plan for NHL and with hiring

Joe Cooper, a professional landscaper who had managed a large business. Joe's goal for NHL is to bill \$600,000 in 2006 and contribute a significant surplus back to GJP.

Sustainability: Better than Break Even?

Sustainability is a goal that nonprofits often embrace when embarking on social enterprise; but McDonough says he has a different take on profitability. "If it's a mission-based program, to the degree we can recoup some of the cost of the program, I consider it a success. Mission is always first, but the financial side is a very close second." Sauer calls "sustainability" a relative term: "At a minimum, many non-profits want a social enterprise to just recover operating



Dave McDonough, President, Social Enterprise Institute, accepting Award at the 7th Gathering of the Social Enterprise Alliance

and overhead costs."

McDonough says that it is vitally important to determine a clear need in the marketplace and to match that against an organization's ability to deliver that service and build on its core competency. However,

some programs don't work. He cites an artists' incubator in Los Angeles' Skid Row area whose enterprise was unable to meet the contract demands of a large retailer and eventually folded. The organization was unable to calibrate its capabilities with market demand, even though it had a funder putting significant monies into the effort.

Leveraging Private Capital

Nonprofits can find it difficult to locate investment capital when launching social ventures. "Organizations often maintain a grant-seeking mentality," says Levin, "but the idea is to get away from grants and learn how to write a business plan to get seed money." But from whom? Although foundations and state agencies provide funding and job training, many MSO leaders say that no one is funding social enterprise in their regions.

Many government contracts have strings attached that may pull a nonprofit away from its core mission, says McDonough. A social enterprise need not be 100 percent earned income, but can be one tool in an overall diversified revenue base that helps leverage private donations.

In California, Mark Van Ness, Founder and Chairman of the Social Enterprise Institute, launched a social enterprise loan fund in conjunction with the local Volunteer Center through the **Orange County Community Foundation**. He and other donors make loans to social enterprises at favorable rates. Repaid loans are used to fund other efforts.

Schotthoefer notes that throughout the next decade, there will be an immense transfer of wealth from those who have grown their own businesses and are poised to transfer

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that success to the next generation. She wants to tap into that transfer and engage financial advisors—estate planners, lawyers, or insurance folks—in understanding the power of investing social entrepreneurship.

Bridging the Gap

MSO leaders say there are many challenges in helping nonprofits launch social enterprises. These include:

→ *Helping nonprofits realistically understand risks as well as rewards.* Schotthoefer asserts, “There is a danger with nonprofits being so desperate for unrestricted dollars to support the true costs of operating the organization. We are obligated to ask non-profits to think before they leap. Risk is OK, but you want to manage it.”

→ *Assessing readiness.* Competency building and education are the best means to bridge the knowledge gap. Sauer’s MSO performs a readiness audit to confirm that organizations considering social enterprise possess the competency and resources to follow through on the venture over time. His definition of success includes “the decision to not launch a social enterprise.”

Levin emphasizes to clients that social enterprise is not a quick fix. She notes that it is challenging to convince a nonprofit that pursuing earned income is very different than anything they’ve done before. “As an MSO, it’s hard to get people excited about an idea and then tell them they don’t have the capacity to do it. My role is to provide as much education and awareness as I can, if they choose to move forward.”

→ *Ascertaining market need.*

MSOs can conduct detailed market research and test nonprofits’ assumptions about who will buy a product or service.

→ *Gauging staff capacity.*

This includes asking whether current staff have the capacity to run a social enterprise, and whether it will detract from what they are currently doing. Many nonprofits fail to address organizational cultural issues and potential human resource implications (including differences in compensation for those on the nonprofit and social enterprise sides of an organization), and neglect to educate key stakeholders.

→ *Ensuring mission support.*

Nonprofits often make the mistake of launching a social enterprise that is not based on their mission, seeing the process as a means to help themselves out of an immediate financial crisis. Sauer notes that although many nonprofits initially investigate social enterprise out of a need to generate revenue, nonprofits are often “unwilling to look at a successful venture as warranting upfront investment and probably some losses over the initial couple of years.”

→ *Changing Relationships with Clients.* Entrepreneurial marketing sometimes interferes with the professional-client relationship, particularly if a client suspects that a nonprofit has violated its confidentiality for sales or revenue purposes. ■

Freelance writer Carol Brzozowski resides with her two sons in Coral Springs, Florida. She has written for more than 200 trade journals, consumer publications, newspapers, newsletters, and websites. Contact Carol at

✉ Brzozowski@aol.com.

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Rallying Board Support

MSO leaders say that board resistance is often the toughest nut to crack. “It’s always compelling to tell a board you don’t want to have to keep going back to them for contributions and government and foundation funding year after year,” asserts McDonough.

McDonough observes that one of these resources is the business community. He says that individuals with for-profit business experience can lend nonprofits a wealth of expertise, knowledge, wisdom and passion that can help grow social enterprises. Many of these individuals aren’t interested in serving on boards of directors, but they are willing to be on a task force that starts and collapses and has a very specific focus.

- Introduce the concept and be prepared to deal with questions about UBIT. Invite an experienced social entrepreneur to speak.
- Find a board champion who is willing to put visionary ideas on the agenda.
- Engage in strategic planning. Ask: How does this fit our organization? Do we have capacity? Am I the right leader? Do we have the right board?
- Develop a “mini business plan” to see what the social enterprise looks like as a business.
- Engage staff champions to interact with board champions.
- Introduce scenarios to the board, so they may give their blessings to something they believe is their idea.
- Consider bringing on new board members, or launch a social enterprise committee.

Measuring Impact

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tion methods and restrictions are the subject of much current discussion in the UK. **The New Economics Foundation** ➔ www.neweconomics.org has been researching the matter quite extensively with input from a pan-European Group whose inaugural meeting was in Edinburgh in June.

Also, as part of a program to develop quality and impact tools aimed at 'proving and improving' social enterprise development in the UK, the **Social Enterprise Partnership** ➔ www.sepgb.co.uk has been piloting a stakeholder version of the Balanced Scorecard in which the measurement of social return forms a key perspective. Rather than running with a predetermined set of measurements for the BS, **Social Firms Scotland** is piloting in the Highlands and Islands a more tailored approach to balanced scorecard development, which has much emphasis on the enterprise clarifying its strategy before trying to measure progress towards it. We use adapted strategy mapping techniques, which then lead on to the enterprise devising their own balanced scorecard.

Inevitably, every social enterprise needs to justify its social return. However until there is a standardized way of calculating such return, almost every enterprise will have differing rates for personal taxation, welfare benefits saved, and the like. Consequently, even though the method of calculating SROI may be fairly fixed (if not yet agreed upon) the inputs for the calculations will vary significantly, resulting in something that is useless as a basis for comparison between enterprises. The comparison within an organisation is possible once methods and rates are standardized for a certain organization; but, without an identified need (or strategy) to measure the impact, few enterprises actually bother to measure it.

This was our thinking when we took the 'step back' to assist social enterprises in defining their strategy before measuring it. In doing this, the enterprise prepares itself for not only balanced scorecard implementation, but also for 'true' SROI, quality program implementation and both social and financial auditing. ■

Rolfe Larson and Andy Horsnell are principal consultants at Rolfe Larson Associates, a marketing, finance and venture consulting firm that specializes in helping nonprofits develop successful earned income strategies. Rolfe Larson is the author of *Venture Forth! The Essential Guide to Starting A Moneymaking Business in Your Nonprofit Organization*, published by the Fieldstone Alliance. ➔ www.RolfeLarson.com
➔ www.fieldstonealliance.org

Management Support

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Resources:

Alliance for Building Capacity (ABC) at the George Warren Brown School of Social Work at Washington University in St. Louis, Missouri
➔ abcinfo.wustl.edu/

Center on Nonprofit Effectiveness (C-ONE)
➔ www.c-one-miami.org/

Georgia Center for Nonprofits

➔ www.gcn.org/
Institute for Nonprofit Development at Mount Wachusett Community College
➔ <http://democracy.mwcc.edu/pages/121.asp>

Volunteer Center Orange County — Center for Social Enterprise
➔ www.volunteercenter.org/se/

Alliance for Nonprofit Management has published an article in its member newsletter, Enhance, entitled "*Business Planning for Nonprofits: Why, When — and How It Compares to Strategic Planning.*" The Alliance will offer a half-day workshop on Social Enterprise Consulting at its upcoming annual conference in Los Angeles, August 2–5, 2006. For more information, visit
➔ www.allianceonline.org.

The Grantsmanship Center

New Business Ventures for Nonprofits Workshop

July 17–19, Baton Rouge, LA; August 21–23: Charleston, WV

An entirely new and up-to-date curriculum has been developed in cooperation with two SER contributors who also share the actual training: Rolfe Larson, and Andy Horsnell. www.tgci.com/training/nbv/nbv.asp

Achieving Sustainability, Scale, and Impact in Community Development Finance

May 22, New York City

www.ny.frb.org/regional/commdev.html

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

Social Enterprise and Community Economic Development: Recognizing and Managing Common Barriers to Business Success and Community Impact

Co-sponsored by the Duke Community Enterprise Clinic and the NC Community Development Initiative.

June 9, Chapel Hill NC

www.law.duke.edu/ced/socialenterpriseconference.html

Cause Marketing Forum Conference

June 12–14, New York City

www.causemarketingforum.com

Microenterprise and Development Institute

June 12–30, Manchester NH

www.snhu.edu/746.asp

California Community Economic Development Association Annual Teaching and Learning Conference

June 20–21, Sacramento CA

www.cceda.com/conference.htm

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

National Alliance to End Homelessness Annual Conference

July 17–19, Washington, D.C.

www.endhomelessness.org/FamConf2006/

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

Neighborhood Funders Group Annual Conference

Building Community, Building Assets: Race, Place & Equity

September 11–13, Durham NC

www.nfg.org/2006_conference/index.htm

2006 Council of State Community Development Agencies' Annual Conference

September 17–20, San Antonio, TX

<http://coscda.org/>

International Economic Development Council Annual Conference

September 17–20, NYC

www.iedconline.org/AnnualConference/index.html

Risk Management and Finance Summit for Nonprofits

September 18–20, Pasadena, CA

<http://nonprofitrisk.org/training/2006/summit/summit.htm>

2006 Corporation for Enterprise Development Assets Learning Conference: Building Families, Communities & Economies

September 19–21: Phoenix, AZ

www.assetsconference.org

Second Annual Sustainability Awards and Symposium

September 25–26, Minneapolis, MN

www.afs.nonprofitoffice.com/

Inaugural Conference of Center for Social Profit

Leadership: Transforming the Helping Industry from Co-Dependency to Co-Creation

October 6, San Diego, CA

<http://socialprofitleadership.org>

2006 Transitional Jobs Conference

October 12–13, Atlanta, GA

www.transitionaljobs.net/Events.htm

The Nonprofit Congress

October 15–18, 2006, Washington, DC

www.nonprofitcongress.org/

Opportunity Finance Network Conference

October 30–November 2, Washington, DC.

www.communitycapital.org/training/atc_index.html