

# Social Enterprise Reporter

Innovative Business Solutions for Nonprofit Entrepreneurs

## Social Enterprise Alliance: Advancing the Field and Bridging Gaps

Notes from the Seventh Gathering, March 7–10, Atlanta, GA

by Tom White

*This article explores some of the highlights from the G7 meeting. SER will feature interviews with SEA keynote speakers and presenters in this and future issues.*

### CONFERENCE HIGHLIGHTS

Practitioners from around the world attended the seventh **Gathering of the Social Enterprise Alliance (G7)**, which centered on the themes of economic justice and community renewal, with sessions showcasing the significant role that social enterprise plays in community development.

Perhaps the biggest news to come from the 7th Gathering was the SEA Board's change in its definition of social enterprise to, "An organization or venture that advances its social mission through entrepreneurial, earned income strategies." This new approach represents a widening of the definition of social enterprise.

"I'm really encouraged by the change in definition," said Tirza Lyn Hollenhorst, co-founder and principal of **ifPeople**. "I thought the old definition was unworkable and narrow-minded. I am in this movement to see a redefinition of the philosophic constructs that are the foundation

**"Every business that has a good product is a social enterprise"—Steve Mariotti**

of our economic system."

Hollenhorst—who also serves on the board of **Inspiring Futures**, an Atlanta affiliate of the **Business Alliance for Local Living Economies**,

an organization that supports the development of local economies and responsible businesses—sees "a disconnect between nonprofit and for-profit social enterprises like ifPeople and other socially-responsible businesses...and would love to see SEA bridge this gap."

The seventh Gathering focused on beginning to bridge these gaps. The program provided opportunities for attendees to build on their talents and engage with one another through regional social enterprise networks that spread the word and offer support to new social entrepreneurs.

### **Steve Mariotti—Linking Youth Development and Entrepreneurship**

Steve Mariotti, Founder of the **National Foundation for Teaching Entrepreneurship (NFTE)**, an Ernst & Young Entrepreneur of the Year Award winner and G7 keynote speaker, also thinks that it is beneficial to link social entrepreneurship with the larger concept of entrepreneurship. "Every business that has a good product is a social enterprise. If it's a straight-up, honest business, you're doing a huge amount of good in the com-

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# Letter to Readers:

Dear Reader:

This year the Seventh Gathering of the Social Enterprise Alliance was held March 7-10, in Atlanta, Georgia. Many Atlantans were mourning the Jan. 30th passing of Coretta Scott King, widow of Martin Luther King Jr. Funeral roses still stood on the podium at the Ebenezer Baptist Church, where Reverend King was co-pastor until his assassination in 1968.

While visiting the Georgia Justice Project, a local a criminal defense agency serving Atlanta's indigent accused, I stopped in at the King Center, where I found these words that speak to the work of social entrepreneurs:

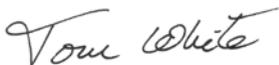
"The practical cost of change for the nation up to this point has been cheap. The limited reforms have been obtained at bargain rates. There are no expenses, and no taxes are required, for Negroes to share lunch counters, libraries, parks, hotels and other facilities with whites.... The real cost lies ahead. The stiffening of white resistance is a recognition of that fact.... Jobs are harder and costlier to create than voting rolls. The eradication of slums housing millions is complex far beyond integrating buses and lunch counters." Martin Luther King Jr., *Where Do We Go from Here: Chaos or Community?*, 1967.

GJP Executive Director, Doug Ammar, stated that "Groups like ours wouldn't exist but for Martin Luther King Jr. and the civil rights movement. The movement empowered the average lawyer to believe that they could really make a difference.... Our social enterprise is an entry ramp back into society. And as lawyers, if we can't help our clients back into society, then we're not doing as much as we can!"

The South incarcerates a greater percentage of its population than other regions of the US and industries employing prisoners are growing. The Georgia Justice Project is one of many programs across the US that are offering green jobs as an alternative to jails. Others include the Oakland, CA-based Ella Baker Center, the NYC-based Center for Employment Opportunities.

The next issue of SER will include more reports from the Gathering along with a focus on transitional and re-entry programs like GJP.

Best wishes,



Tom White

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# Marketing Inward: Getting Stakeholders On Board

by Jerr Boschee

Who is the most important marketing person in your organization?

Tick, tick, tick . . .

I ask that question at every one of my seminars and workshops. Few answer correctly.

It's your receptionist.

He or she may be the only voice your stakeholder ever hears, the only face your stakeholder ever sees. And if the receptionist fumbles the opportunity, your chance to make a good first impression – or establish a reputation for customer service – is gone forever.

So here are some additional questions:

- *How much do you pay your receptionist?*

Do you give your receptionist the financial (and personal) respect he or she deserves? After all, you're putting the future of your organization in his or her hands.

- *Do you have any institutional memory at your receptionist's desk?*

Do you groom somebody who is well-suited to the position and encourage him or her to stay in that role for a number of years rather than moving to a more "important" job? You might argue it's unfair to prevent somebody from climbing the career ladder—but that's a circular discussion. If you give the receptionist job sufficient luster – and pay the person well – it can be an attractive position for somebody (and perhaps even more fulfilling to that person than scrambling up the career ladder).

- *Do you **listen** to your receptionist?*

Who better to give you an early warning signal when stakeholders become restless?

- *Who covers the desk when your full-time receptionist is at lunch, on break or on vacation?*

Do you have stop-gap measures ("Oh, let's put Jim on the desk today—he's not doing anything else at the moment") or do you have a plan, with trained personnel?

- *Does everybody in the organization understand how critical the receptionist is to their **own** success?*

Just how powerful can a receptionist be? A few years ago, I worked with a mid-sized nonprofit in a large southeastern city. The organization had an excellent opportunity for a social enterprise that would employ the people it served and generate profits to support additional programs. The senior management team, with the support of the Board, assembled an advisory group of proven entrepreneurs from the local community, did the necessary market research, began to develop the business plan, and launched a search for a CEO to lead the social enterprise.

But they forgot to sell the program internally. Rumors began to abound, and one person in particular took exception to the very idea of charging a fee for any of the organization's services: A 51-year-old, white male, half-time receptionist who started a letter-writing campaign. His missives went to the media, the Board, the families of the people being served . . . to anybody he could think of.

The result? The entire senior management team had to resign and the organization never did start the business.

Contrast that with what Founder and President Rick Walker did at **Road to Responsibility** (RTR) in rural Massachusetts. Walker understood a truism: Marketing needs to turn inward as well as outward—especially to make sure every stakeholder is on board when the organization prepares for a major change.

"We were heading into uncharted territory," he remembers, "so we formed a New Ventures Committee. We had Board members, staff members, the people we served and their family members. We brought everybody together and talked about doing something that was very, very different from what any of us were used to doing."

Walker believes the committee "instilled a sense of risk-taking across the organization" and set the tone that made it possible for an entire network of businesses to emerge (RTR currently has seven). Once the committee created a mission statement, "we circulated a mailing to everybody we knew that essentially said, 'This is what we want to do—you got any ideas?'" Although the mailing didn't generate any immediate suggestions, Walker says

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

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# Building Bridges: The 2006 Canadian National Conference on CED and the Social Economy

by Stewart E. Perry and Don McNair

**T**he 2006 Canadian National Conference on CED and the Social Economy: Rooting Development in Community, held from March 15 - 18 in Vancouver, centered on the theme of Building Bridges. The main

focus was on working across sectors, and workshops followed five streams: Aboriginal CED, community-based enterprises, policy, youth and CED, community sustainability, and research. Organized by the Canadian CED Network and the BC/Yukon CED Network, the conference boasted over 600 registered participants from across Canada and from countries around the globe, including Botswana, Nepal, Niger, Sri Lanka, and Vietnam.

Although many practitioners attended, program constituents and government leaders were also present. John Godfrey, a member of the Official Opposition, urged listeners to think through the role that CCEDNet can play in defining and advancing a communities agenda at four levels of government: municipal, aboriginal, provincial/territorial, and national. He warned that, without citizen engagement, any intergovernmental agreements that emerge in the coming years will lack legitimacy.

Session after session documented multisectoral CED collaboration among aboriginals, youth, francophone minorities, new immigrants, and other often-disenfranchised groups, along with collaboration with others to create new resources for community investment.

The conference also highlighted younger practitioners' work, and Victoria Morris, an emerging leader, and Farrar Brodhead, inspired participants to think seriously about promising practices in youth CED programs. Louis

Grenier said that it is a mistake to consider the youth in CED as our 'future.' "They are in fact our present, with us today," he observed.



**Speakers on Sustainability & CED: Dr. John Helliwell, Professor Emeritus of Economics, UBC; Marcelle Fafard-Godbout Board Director, Carrefour d'Immigration Rurale; Dr. Judith Sayers, Chief, Hupacasath First Nation.** Photo credit: Gilles Gagné

### Preconference Activities

The Canadian Women's CED Council led a policy agenda session that featured a keynote by economist and journalist Armine Yalnizyan, who recommended to conferees that when dealing with the Canadian federal government, they should learn from the private sector; organize face-to-face contacts; refine and focus their "asks"; and find out

how, where, and on whom to bring political weight to bear. A panel of practitioners and attendees also recommended forwarding a "communities agenda" that includes garnering federal support for child daycare, in order to free women to contribute more broadly and effectively in local and national economies.

A second pre-conference event sponsored by the Office of Learning Technologies of Human Resources and Skill Development Canada illustrated how information communication technologies (ICT) can promote community development. The session featured ICT beamed in direct from the Sioux Lookout (northwest Ontario), Port Hardy, and Trail (British Columbia) regions, and highlighted two Sioux Lookout projects. The First Nations TeleHealth program enables patients to capture their physical examinations by camcorder and transmit them to far-off clinicians for diagnosis. In the same region, Keewaytinook Internet High School, a network

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## Building Bridges

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of 13 remote schools, offers nearly 30 courses to over 100 students. ICT enables students to work from the same curriculum, and KIHS has seen its graduation rate grow from 12% to 35% during the course of the project.

## Session Highlights

Sessions included workshops on an array of topics of interest to CED organizations and social enterprises, including evaluation, legal matters, research agendas and business failures.

The Community Economic Development Technical Assistance Program (CEDTAP), which has evaluated more than 400 community initiatives in the past nine years, presided over a discussion of “Results that Matter: Evaluating CED Impacts.” Ted Jackson and Gail Zboch reported on CEDTAP’s experience with a range of evaluation techniques including cost-benefit analysis, social return on investment, and the enhanced value-added statement. The subsequent discussion with a full house of practitioners and funders revealed a wide disconnect between results meaningful for community members and those meaningful to funders.

Panelists also noted that non-numeric measures, such as public perception, can serve as an important way to engage the public in the revitalization process. Jackson observed that, “It is important for CED groups to drive, rather than simply respond to, the evaluation discussion. The more evaluation we do, the more we can engage in real conversation, not the ‘hype’ that our competition for funders fosters.”

A great deal of attention was devoted to the results of ongoing and

newly-funded research. One session focused on the research component of the federal social economy initiative, funded through the Social Sciences and Humanities Research Council of Canada (SHRCC). Ian MacPherson of the British Columbia Institute for Co-operative Studies, and Rupert Downing of CCEDNet described a five-year plan for “research nodes”—collaboratives of regional universities and community groups—in five national regions. Conferees vowed to monitor research activities to ensure that they are well disseminated and oriented toward strengthening CED practice.

## Post Mortem of Social Enterprise Failures

Sessions also included “post mortems” about social enterprise failures. Two downtown Vancouver social enterprises—the Potluck Café and Cleaning Solutions—discussed Lunch a la Kart, a recently defunct initiative. Panelists noted that the business failed, in part, because short-term core funding discouraged a steady accumulation of insight, skill, and profit and that better market research would have revealed problems with the business concept. “I’m hoping people take it to heart,” said one participant. “It is critical to assess business ideas from a business and market perspective, rather than relying simply on the social benefit as a marketing tool.”

Conferees also had the opportunity to visit several Vancouver-area social enterprises.

The BC Co-operative Association hosted a tour to an array of Vancouver co-operatives, and Herb Barbolet of Farmfolk/Cityfolk lead participants on an urban food security tour to the City’s Food Charter and to urban agriculture sites, community gardens, and socially responsible food-related busi-

nesses. Tours included stops at The Potluck Café and Cook Studio Café, two social enterprises in the food sector that merge food preparation and catering for the general public with training and employment for at-risk youth.

## Cracker Barrel Sessions

Cracker Barrel gatherings showcased an array of current initiatives and ideas. Jessica Leech of Vibrant Communities Calgary explained how her organization got the City to support a “No Sweat Ethical Procurement Policy” so that livable wages and other ethical concerns feature in Calgary’s supplier selections. Toronto’s Common Ground Co-op discussed how it builds business partnerships with persons with intellectual disabilities.

Peter Hough of the Canadian Worker Co-Op Federation illustrated how succession presents opportunities to co-ops and other social enterprises. Jeanne Arnold described how Falls Brooks Centre has been using co-operatives to bring together multiple interest groups to make Knowlesville, New Brunswick an example of rural sustainable living. Presenters also introduced the Genuine Progress Index as a more accurate measure of societal development.

## Social Enterprise Showcase

The conference also provided many organizations with opportunities to showcase their efforts and discuss lessons learned.

Marcelle Fafard-Godbout, one of the directors of the Carrefour d’immigration rurale in northwest New Brunswick, described how its multi-stakeholder model has become a model of immigrant and refugee

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## MEMBER SPOTLIGHT

### HOPE Services: Creating Opportunities for People with Developmental Disabilities

by Tom White

**H** OPE Services, a San Jose, CA-based 501c3, provides a range of employment, job training programs and other services for over 2,500 children, adults and seniors with developmental disabilities from Half Moon Bay to Monterey. HOPE reported nearly \$32 million in total revenues in the tax year ending June 30, 2005, which included over \$6 million in program service revenues.

HOPE provides employment opportunities in its production, document destruction, doggie daycare and employee staffing businesses, including the **Hope Station Retail Store**, **Kids' Café** (located at the San Jose Children's Discovery Museum), **HOPE Data Destruction Services**, and **You Lucky Dogz** daycare. HOPE clients work in businesses and local government agencies as well as many who work independently in local businesses. HOPE has received full re-accreditation from the Commission on Accreditation of Rehabilitation Facilities with "exemplary performance" in numerous areas for its vocational services.

In addition to her duties discovering, screening and evaluating opportunities, researching, launching, marketing and monitoring new ventures, such as You Lucky Dogz and HOPE Data Destruction Services, Jan Cohen, Director of New Business Ventures for HOPE Services, partners with staff and assists in the management, as well as ongoing marketing and growth planning for these ventures until they get to break even.

#### Q: How do you decide which types of ventures to launch for HOPE?

A: Since I've been on staff we've actually started fewer businesses than in the past. One of the important ways in which I've been valuable to HOPE has been all the businesses we *didn't* start. Learning what "not to do" is as important as deciding what to pursue. Rigorous market

research must be done, with ideas tossed aside as soon as we learn they are not a "fit" for us. They've got to match our criteria, be a fit for us, have sufficient market demand, etc. Out of every 10 ideas I research, only one even gets to the Feasibility Report. I use a Business Advisory Committee and work closely with the HOPE Services CFO, who is a great "devil's advocate" for critiquing new business ideas.



Jan Cohen, Director of New Business Ventures, HOPE Services

#### Q: What does it take to succeed in the doggie daycare biz?

A: We've got to have the same operating hours (7 AM to 7 PM) as our competition, in a large, convenient, clean and, most importantly, safe location. We also need well trained, experienced dog-loving staff who pay attention to the dogs at all times. We offer customers the services they expect... an online web cam so they can check in on their pets, individual attention to their dog, bathing, outdoor play.

#### Q: Are You Lucky Dogz staff former HOPE clients?

A: We have two professional dog trainer staff in addition to employees recruited from the HOPE client pool and high school student interns who have chosen careers in animal care. All receive lots of training and coaching.

#### Q: What type of dogs will you take?

A: Both the owner and dog must go through an admissions process that includes an interview and temperament evaluation, as is typical in all doggie daycares. You must assure people that their pets are safe at all times.

#### Q: What are the profit drivers for a doggie daycare?

A: Attracting and retaining customers are the most important, while providing dog-grooming services such as bath-

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## HOPE Services

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ing, and nail-trimming create additional revenue. To offer these add-ons we had to make investments in remodeling and specialized equipment. We charge the same rates as our competition...no more...no less.

### Q: What are the profit drivers in the secure data destruction (shredding) business?

A: Security and quality control at the customer's site, in transit and at our facility, plus excellent customer service are the most important to obtain and retain business. We had been charging by the pound and type of business, but additional research and analysis helped us understand where we were losing money and making money. We now have restructured our pricing to match the industry models. We are also being firmer on charging for the service...if the customer requires regular pick-ups, whether or not the bins are full, he will pay by the bin tip or per bin/month, not by the pound. We are

learning about route planning—to maximize the revenue and minimize the mileage, as well as targeting new companies along routes we are already traveling, vs accepting new customers that require a big detour from our routes.

### Q: What other types of businesses is HOPE involved with?

A: Lots... Our newest venture is working with local wineries on their growing export business, where bottles intended for export need specific labels for each country and different packaging than for the US market. This required us to become a "Federally bonded winery", quite a process indeed, but the market is there and it has to be done locally...so it meets our criteria. Other examples include tile setting, producing electrical relay components, book fulfillment, E-Waste disassembly, and on-site contracts with local manufacturers. For example, at Tyco, where HOPE clients make and package cardboard spools, we get lots of additional contracts because Tyco managers often drop by on their way to other buildings on the campus and

ask whether we could do a specific project. We have so many different contracts through just being located onsite. We also have volunteers who donate over 250 hours a year to make work jigs which our enable our clients to do very intricate work.

### Q: Do you stay involved with new ventures after they're launched?

A; Nothing goes as planned. We're always having to tweak it or do major changes. Some times the market research turns out not to be true. So it's very important that we measure everything for a new business venture—how it's going, who uses the service, what's working in marketing, so that we keep making the changes that will make it successful. So I'm right there in the trenches with the staff everyday because we've got to get this right. We've got to listen to the market and find out what's going to work in our location, with our population. ■

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

➔ [www.hopeservices.org](http://www.hopeservices.org)

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## Building Bridges

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settlement, and cultural and economic diversification in rural areas that struggle with population exodus.

Nicole Langlois led a discussion of the "catalytic effect" that the 2010 Winter Olympics is having on the francophone community in Nanaimo, British Columbia. Having gained federal, provincial, and municipal assistance, the community is developing initiatives that will draw national and international francophone attention to the city's own annual Maple Sugar Festival.

Ola Nuga, a graduate of Eva's

Phoenix in Toronto testified about how effectively that program uses commercial printing—and seven levels of post-training follow-up—to steer homeless youth into meaningful careers.

Participants left sessions peaking of "a new kind of citizenship, responsible and caring." Conferees left Vancouver inspired for a new year of concentrated effort on behalf of the marginalized everywhere. ■

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Don McNair is Managing Editor of Making Waves: Canada's CED Magazine, published by the Centre for Community Enterprise, in Port Alberni, BC. Dr. Stewart Perry has been active in CED in the U.S. and Canada since 1967, when he headed design work to launch the first U.S. federal CED

program, and later helped to design Canada's first federal CED program, LEDA, in the 1970s. A consultant, trainer, and author, Stewart currently works with the Centre for Community Enterprise out of Cambridge, Massachusetts.

### Resources

2006 Canadian CED Network Conference Presentations

➔ [www.ccednet-rcdec.ca/en/pages/conference\\_pres06.asp](http://www.ccednet-rcdec.ca/en/pages/conference_pres06.asp)

Community Economic Development Technical Assistance Program (CEDTAP)

➔ [www.carleton.ca/cedtap](http://www.carleton.ca/cedtap)

Canadian Community Economic Development Network

➔ [www.ccednet-rcdec.ca](http://www.ccednet-rcdec.ca)

Centre for Community Enterprise

➔ [www.cedworks.com](http://www.cedworks.com)

## Gbenga Sesan: Nigeria's Social Enterprise "Ambassador"

by Tom White

*This interview was conducted by Tom White at the 7th Gathering of the Social Enterprise Alliance for At Work in the Community. Produced by Red Tiger & Associates for The Legacy XXI Institute in cooperation with the Social Enterprise Alliance and Ashoka: Innovators for the Public.*

**L**agos Digital Village is an IT training and opportunity center for young people. We focus very strongly on mentorship. It's a multi-stakeholder project involving the state government, **Junior Achievement of Nigeria**, which I work for, and **Microsoft Corporation**. We're helping young people build better livelihoods through the use of ICT [information and communication technology], making them strong enough to compete with their peers globally.

Most of the mentors are young IT professionals based in Lagos. Microsoft already runs digital villages in various places, and our model was the **Soweto Digital Village**. We looked at that model and asked how can this model be of help to us in Nigeria. As part of our partnership with the local government, we got a rent free building with a generator for back-up power supply—which is more like our main power supply now. Microsoft gave us a grant to buy technology equipment for the training program. Apart from the training program we also have a Cyber Cafe that was funded by the state government, through which we intend to generate income so that we can make the Digital Village project sustainable in the long run.

I learned about the SEA while I was asking questions about the traditional grantmaking model. Initially we were supposed to get a two year grant, but it turned out to be for 11 months, so we had to look for a creative way to raise additional funding without having to wait on a grant provider, so that's why I got interested in the social enterprise model. My interest in nonprofit enterprise came about when I saw that a lot of organizations go through the same phases, in the USA and other countries.

We call it a Digital Village because the concept is to

have a community where people are free to learn and it's digitized. There is a very wide digital divide in Nigeria. People work in companies with access to ICT tools, but a lot of people have no access at all. And these are the young people who will go from the classroom to the workplace. How can they cope with the challenges of the workplace if nobody provides them with IT tools?

Our target is better livelihoods for the people. An average person in the community we serve, would most likely consider making money as a call attendant after graduating from school. What we tried to explain to them is that you can acquire these IT skills and work in corporations, or repair PCs, and get strong as an entrepreneur and not necessarily have to seek a white collar job.

We have graduated about 400 young people and we have a waiting list of 1043. We have three classrooms



Gbenga Sesan, Program Manager, Lagos Digital Village

that can take eight students with one person to a computer. A lot, if not all, don't have computers in their homes, so the first steps are more like computer appreciation. From that level we move them on to intricate details where they open up the computer and get to know what's inside the box. We want them to understand that it's not a black box that you can't open, but that you can actually make something like this and you can make it better. Then they learn applications and the things they can do with these applications, like making CVs. The final level is what we call the Great Leap, because it is a great leap in life for our students. This is about how to use the Internet, the web and how to design their own web site. Each level

is about six weeks.

Presently our programs are free. But we are thinking of charging students a minimal fee. We have the grant but we really need to face whether the program should stop because we don't have funding to make it free, or should we consider charging a fee and keep the program going. So we're tending towards charging a small fee that they can afford, and they can pay over a period of time.

The Cyber Cafe is a chicken and egg situation. If we have a lot of money, then we'll get stable internet access,

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## Lagos Digital Village

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but if we don't have stable internet access we can't make any money. These are the two things that are so expensive in managing this project: the power supply—the power utility company brings the bill every month, but they're practically back-up most of the time—and internet access.

One of the challenges to social entrepreneurship in Africa is the culture of NGOs. It may not be unique to Africa, but when you say you want to charge a fee, people say you've lost the vision. We got that reaction when we started the Cyber Cafe. We're scared of losing the people we want to reach. We deliberately made our program free because we wanted to reach people who couldn't afford to pay. We've thought about providing scholarships to people who cannot afford the program, or we'll get

**“Our organization speaks as an “ambassador” for the social enterprise model. Our stakeholders see that the model is making what is important to them sustainable and available for a long time.”**

other organizations to underwrite the cost for a group of students.

We're making sure that our organization speaks as an “ambassador” for the social enterprise model. Our stakeholders can see for themselves that the social enterprise model is making what is important to them sustainable and available for a long time. ■

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

➔ [www.Lagosdigitalvillage.org.ng](http://www.Lagosdigitalvillage.org.ng)

At Work in the Community

➔ [www.socialprofiteadership.org](http://www.socialprofiteadership.org)

## Boschee On Marketing

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“it did something else that's been critical to our success. To me, it was much more important to establish going in that we were planning to do *something* than to define what that something was going to *be*.”

Walker had seen other nonprofits flounder when they took a different approach, and he'd resolved to learn from their mistakes. “Instead of starting out with a specific idea, we told our stakeholders what we wanted to do and asked them for help. That approach helped us get everybody on the same page and helped them understand we were doing something new and different—so when it actually happened it was much less shocking and dislocating than you might expect.”

And certainly less disrupting than having a single employee topple the entire senior management team! ■

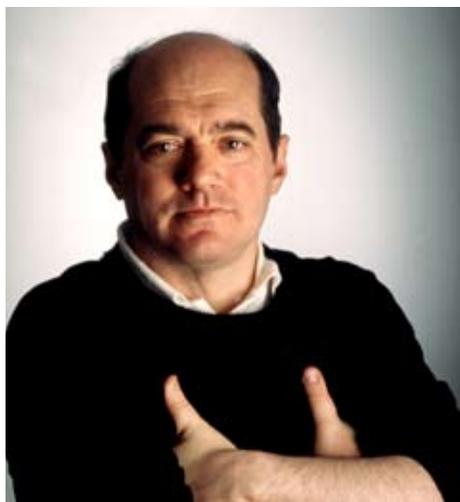


Jerr Boschee has spent the past 25 years as an advisor to social entrepreneurs in the United States and abroad. To date he has delivered seminars or taught master classes in 41 states and 14 countries and has long been recognized as one of the founders of the social enterprise movement worldwide. Mr. Boschee is Executive Director of The Institute for Social Entrepreneurs ➔ [www.socialent.org](http://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](mailto:jerr@orbis.net).

## Notes from the Seventh Gathering (continued from page 1)

munity,” he notes. Mariotti adds that definitions that disengage social entrepreneurship and for-profit entrepreneurship “define businesses that aren’t social enterprises as being different or inferior, not doing a great societal good. With every lease, every transaction, every payroll, you’re doing good for the community and society.”

NFTE has served over 120,000 young people, and Mariotti asserts, “NFTE is creating 10,000 businesses in discouraged neighborhoods, and they’ll become huge renaissance areas. You can’t really have a state of the art anti-poverty or youth development program without incorporating concepts of self-actualization and ownership over time and resources. Those are the two absolutely essential things we need to include in any anti-poverty discussion and youth development program.”



Steve Mariotti, Founder & President of the National Foundation for Teaching Entrepreneurship

Mariotti’s goal for NFTE is to help every child born into poverty learn the basics of starting a small busi-

### Steve Mariotti’s Lessons on Keeping Your Enterprise Alive

- 1. Define your sandbox.** Focus on your comparative competitive advantage. In the social enterprise community, organizations often make the fundamental mistake of becoming distracted from core competencies. At NFTE, we focus on ownership—which is the essence of entrepreneurship—and the three or four things in which we can be a world leader.
- 2. Define your unit of sales.** Get the price right, and figure out the exact cost—to the cent—on the margin. That’s the number one shortcoming in the field of social enterprise, and the number one problem with business failure. Ask yourself: How do you make money, how do you meet payroll and acquire the resources you need to achieve your mission?
- 3. Always hire up, at the maximum level you can.** Hire people that are a little bit smarter than you. You get the money back in three months.
- 4. Build Board leadership,** and find a strong Board Chairman.
- 5. Build your relationships with the media.** It’s real money.
- 6. Fight for spending 10% of your budget on research and development.**
- 7. Start your endowment today.** NFTE’s endowment is \$8 million, and my goal is to get it to \$100 million.
- 8. Have a bonus incentive system that adapts good ideas from the for-profit community.** NFTE has total open book management and a Management Scorecard that every employee understands. The Scorecard measures eight criteria (which include kids, teachers, alumni, financials, media, logistics). Over \$100,000 in bonuses are tied to the Scorecard. If you can get it down to one or two things that drive your organization, and base people’s bonuses and incentives on those, you will be able to grow and fulfill your mission at a very high rate.
- 9. Define your mission so that you can legitimately spend money on marketing.** This is a very subtle point. When you’re trying to make money, don’t sell something that isn’t fundamentally on mission. I’ve never seen it work. Sell something that achieves your metrics, at a profit, to off-mission people and organizations.

ness and owning resources. “Getting kids involved in entrepreneurship makes it easier for them to learn math, reading, writing, critical thinking and social skills, and all the other things you need to get good at to be an effective member of your community.”

He cited one of his favorite success stories: NFTE alumnus Malik Armstead’s **Five Spot Soulfood** [in the Clinton Hill neighborhood of Brooklyn, New York]. The restaurant

has “helped to rebuild the local community, providing dozens of jobs, partnering with other community organizations and the university, and bringing art and music into the restaurant. He not only makes a profit, but also gives back to the community.”

With an \$11 million budget (\$3.5 million of which is earned income) 700 teachers, and 28,000 young grads, in 35 states and 18 countries, Mariotti has clearly made headway

(continued on page 11)

# conference highlights

## Notes from the Seventh Gathering (continued from page 10)

towards his goal of creating a global movement.

### Jim Fruchterman—Catalyzing Change

Jim Fruchterman, President, CEO and Founder, of **Benetech**, and a Founding Director of the SEA stressed in his welcoming address, “If you’re an entrepreneur, you believe the world is an expanding pie, with more opportunities and chances to change. If you succeed, then I also succeed!” Many for-profit and non-profit attendees would likely agree with Fruchterman’s exhortation that market failure should not stop us from doing what is socially important. He states, “It’s not a question of maximum social impact versus maximum financial impact. It’s not enough to keep doing what you’re doing. We’ve got to catalyze more change.”



**Jim Fruchterman, President, CEO and Founder of Benetech**

photo: Michael Callopy/Courtesy of the Skoll Foundation

For Fruchterman, the Gathering serves as a place to meet other people who are passionate about changing the world for the better, to engage in peer learning, and to find

### Jim Fruchterman’s Tips on Building Social Enterprises

- The same old thing is not enough. It is not enough to keep doing what you have been doing. Find new entrepreneurial solutions that engage the communities you seek to serve as active partners in social change.
- Find a business model where doing more of what you are doing makes more money for your organization. That makes scale possible.
- Define success and list exit options. Ask when your mandate is completed. Each business plan for a new project should have three exit options: Do we merge, sell or transfer our product to a nonprofit or for-profit?
- Measure what you want to manage, to and be sure you pick metrics that actually quantify your success. Do not simply take on the measures that funders recommend: Rather, sell funders on the measurement systems that your managers want to use.
- Customers need your respect and understanding. Get them actively involved.
- There are no “defective” customers. You may not be able to solve their problems or serve them in a cost efficient manner; therefore, it is imperative to understand your cost structures and how to deliver services cost effectively.
- Failure is an important part of business, and it helps organizations find the right solutions. If you don’t take smart risks you can’t create value.

out what is expected of senior social entrepreneurs. He says, “My job is no longer to be the manager of another social enterprise, but to step up to the next level and catalyze a lot more change by starting ten or 20 social enterprises. People in earlier stages of their careers should be running them, and I should shelter them from the pain of raising money. That’s the mission that I’m on!”

Fruchterman’s efforts have been successful. Shortly after the G7, the **Skoll Foundation** awarded Benetech the Skoll Award for Social Entrepreneurship, a recognition that carries with it more than \$400,000 per year for three years. ■

### Resources

#### G7 Handouts

- ➔ [http://se-alliance.org/events\\_gathering7\\_session\\_handouts.cfm](http://se-alliance.org/events_gathering7_session_handouts.cfm)
- ➔ <http://Benetech.org>
- ➔ <http://NFTE.com>

Check out portraits from G7 attendees responding to the question, “Why do you do what you do?”

- ➔ [www.wdydwyd.com/galleries/sea/index.php](http://www.wdydwyd.com/galleries/sea/index.php)

## The Grantsmanship Center

### New Business Ventures for Nonprofits Workshop

August 21–23: Charleston, WV

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](http://www.tgci.com/training/nbv/nbv.asp)

## 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](http://www.allianceonline.org/annual_conference/la06.page)

## Social Venture Network Third Annual Gathering of Women Entrepreneurs

August 4–6, Pacific Grove, CA

↻ [www.jpdc.com/womenJPD/index.html](http://www.jpdc.com/womenJPD/index.html)

## LISC Financial Management Professionals' Conference

August 9–11, Chicago IL

↻ [www.lisc.org/content/calendar/detail/1165](http://www.lisc.org/content/calendar/detail/1165)

## Building Sustainable Communities: Agriculture as the Foundation for Social Change

August 18–20, 20 Ghent, NY

↻ [www.biodynamics.com](http://www.biodynamics.com)

## National Association Of Development Organizations Annual Training Conference

August 26–29, Reno NV

↻ [www.nado.org/conferences/annual.php](http://www.nado.org/conferences/annual.php)

## National Extension Tourism Conference

September 10–12, Burlington, VT

↻ [www.esf.edu/NET2006/](http://www.esf.edu/NET2006/)

## Neighborhood Funders Group Annual Conference

Building Community, Building Assets: Race, Place & Equity

September 11–13, Durham NC

↻ [www.nfg.org/2006\\_conference/index.htm](http://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](http://www.iedconline.org/AnnualConference/index.html)

## Social Marketing University

September 18–19, UCLA, Westwood CA

↻ [www.squidoo.com/smu](http://www.squidoo.com/smu)

## 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](http://www.assetsconference.org)

## National Association of Seed and Venture Funds (NASVF)

Annual Conference: Fostering Innovation Capital

September 20–22, Rochester NY

↻ [www.Nasvf.org](http://www.Nasvf.org)

## Second Annual Sustainability Awards and Symposium

September 25–26, Minneapolis, MN

↻ [www.afs.nonprofitoffice.com/](http://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](http://www.transitionaljobs.net/Events.htm)

## The Nonprofit Congress

October 15–18, 2006, Washington, DC

↻ [www.nonprofitcongress.org/](http://www.nonprofitcongress.org/)

## PLACEMATTERS06

October 19–21, Denver CO

↻ [www.placematters.org](http://www.placematters.org)

## Opportunity Finance Network Conference

October 30–November 2, Washington, DC.

↻ [www.communitycapital.org/training/atc\\_index.html](http://www.communitycapital.org/training/atc_index.html)

## 2006 Net Impact Conference

October 27–29, Chicago IL

↻ [www.netimpact.org](http://www.netimpact.org)

## Investor's Circle Fall Conference

November 5–7, Boston MA

↻ [www.investorcircle.net](http://www.investorcircle.net)

## Entrepreneurship Education FORUM

November 4–7, Phoenix AZ

↻ [www.entre-ed.org](http://www.entre-ed.org)

## Fourth Annual Co-op America Green Business Conference

November 7–10, San Francisco CA

↻ [www.coopamerica.org/cabn/conference](http://www.coopamerica.org/cabn/conference)

## Brownfields 2006

November 13–16, Boston MA

↻ [www.brownfields2006.org](http://www.brownfields2006.org)

## National Association of Workforce Development Professionals and National Youth Employment Coalition

Youth Development Symposium

December 4–7, Chicago IL

↻ [www.nawdp.org/youthsymposium.htm](http://www.nawdp.org/youthsymposium.htm)

## Canadian Conference on Social Enterprise

January 28–31, 2007, Vancouver BC

↻ [www.enterprisingnonprofits.ca/conference](http://www.enterprisingnonprofits.ca/conference)

## New Partners for Smart Growth Conference

February 8–10, 2007, Los Angeles CA

↻ [www.newpartners.org](http://www.newpartners.org)