

Social Enterprise Reporter

Innovative Business Solutions for Nonprofit Entrepreneurs

Integrating Cultures

When Business and Social Outcomes Are Valued

by Cheryl Dahle

When Karen Goore first began thinking about leaving her job as a brand manager for Clorox to join the non-profit

Community Vocational Enterprises (CVE), she had serious reservations about how (with her MBA and pure business background) she would fit in the non-profit culture. "I was afraid that the stereotypes I'd heard might be true—that non-profits are inefficient, totally hamstrung by needing to get consensus on everything," Goore says. "I thought, 'There's no way I could be politically correct enough. They'll think I'm the antichrist.'"

Her fears were typical of the suspicion with which people from both non-profits and for-profits view each other. But when she landed a job at CVE, which provides employment services for the mentally ill

INNOVATIVE SOLUTIONS

by operating cafes, and janitorial and clerical businesses, Goore found the cultural question to be more complex than she had anticipated. Social enterprises,

like CVE, face the immense challenge of integrating these two (often disparate) cultures to create thriving businesses that also serve a social mission. So it's not a question of forsaking one culture for another, but melding both into a unique blend.

"I like the word 'hybrid,' to describe the resulting culture," says Cynthia Gair, Portfolio Director for REDF, which funds CVE. "You're not losing either one, but joining them together to make something new. An analogy I've heard used is that social enterprises are like oil and vinegar salad dressing—you have to keep mixing the two to get it right."

Integrating cultures—creating an envi-

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This article is the second in a series of three reports, drawing on new lessons from REDF's portfolio of nonprofit enterprises. All are run by nonprofits and employ over 600 homeless and low-income individuals.

The REDF portfolio continues to demonstrate new approaches to the unique challenges faced by social entrepreneurs. REDF → www.redf.org is one of the longest-running experiments in the field.

Today REDF supports 15 S.F. Bay Area businesses — some of which are owned and operated by Community Vocational Enterprises (CVE) and Community Gatepath, which are highlighted here. Founded in 1997 by financier George Roberts, REDF recently dropped its original moniker (The Roberts Enterprise Development Fund) to reflect its incorporation as an independent nonprofit.

Letter to Readers



As we start a new year with new ideas and inspiration, I'd like to share my plans for some of the topics that the *Social Enterprise Reporter* will cover. I'd also like to encourage you to contribute suggestions for articles you'd like to read in *SER*.

Tim Zak, President of the **Pittsburgh Social Enterprise Accelerator** states in this issue's *Social Enterprise Alliance Profile* that he sees a melding of norms among for-profit and nonprofit entrepreneurs. This melding was also apparent at the recent **Coop America Green Business Conference**. There, for-profit and nonprofit attendees represented firms that are taking on the charge of

social change as part of their business model. Business has created much of the mess the world is in today, and it's up to business to solve the problems they've helped to create.

It is apparent that a new coalition of for-profits and nonprofits is forming that combines social activism and business. Businesses like **Seventh Generation** are minimizing and disclosing their environmental and social impacts, influencing the practices of both their supply and sales chains. They are responding to 60 million customers in the LOHAS (lifestyles of health and sustainability) market, building teams and partnerships with staff, customers and community stakeholders. In 2005 *SER* will cover the LOHAS market and green business practice in the nonprofit sector.

Berrett-Koehler Publishers hosted the **Positively M.A.D (Making a Difference) Conference** that brought together authors who write about making a difference in organizations, communities and the world. Mary McCormick, President of the **Fund for the City of New York**, received the conference's 2004 New Leadership Skills Award, for her work funding and incubating innovative programs. *SER* will profile leaders like Mary McCormick who have realized the power of nonprofit organizations to make a difference.

Jill Bamburg and Gifford Pinchot of the **Bainbridge Graduate Institute** also spoke at the M.A.D conference about BGI's *MBA in Sustainable Business*. Their program goes beyond the basic Business and Society course (as it states on their web site) "to pioneer a graduate curriculum for sustainable business education that infuses social and environmental responsibility into every course." An upcoming issue of *SER* will look at how MBA students are developing social ventures as part of their education.

As we approach 2005, we see many problems and warnings of future problems to come if left unheeded. With your help and your subscriptions, *SER* will help you find solutions, avoid obstacles, realize new opportunities and give you a re-animated willingness and knowledge to take on the challenges ahead for your organization.

Thanks to those of you who have subscribed for your vote of confidence!

Best wishes for a peaceful New Year,

Tom White
Editor and Publisher

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Mara Kaplan:

Passionate About Play

by Ann Belser

“The Center was developed by and for parents, by listening to and being driven by parents. This is what has allowed us to keep our market,” says Mara Kaplan. Mara is CEO, and one of the founding moms, of the Pittsburgh, PA-based Center for Creative Play.

What is unique about the Center is that it was developed by and for parents of children with disabilities. Kaplan’s son has a serious disability, and this adds a level of passion to her work. “We felt our community was lacking a place where kids with disabilities could play with their siblings,” says CEO Kaplan, who helped to found the Center 10 years ago. “Our entrepreneurial culture was built into our operating philosophy – we started out as an entrepreneurial organization, so we weren’t in the position of having to force an entrepreneurial spirit into an existing culture. This is what has allowed us to keep our market.”



Mara Kaplan, CEO,
Center for
Creative Play

Accelerating Enterprise

The Center is unique in the type of services it offers, including a 15,000-foot play area, birthday parties, family activities, evening weekend camp, an award-winning line of children’s CDs and recently a fee-for-service advisory practice in which CFCP partners with leaders in other communities to build developmentally rich, universally accessible indoor play spaces. Their unique portfolio of services was due to lots of research and effort spent on their business and strategic planning, partly in partnership with the Pittsburgh Social Enterprise Accelerator (see PSEA profile on page 7).

“PSEA has been a god send for us,” says Kaplan. “They have provided the business sense we lacked—I have an MBA but come from a nonprofit background. They made me answer the hard questions. They’ve have paid for

“We just got a \$100,000 contract from the state to study locations for future play environment franchises. We couldn’t have done it without a lobbyist group. Nonprofit people don’t know that culture.”

consultants to help us with cash flow analysis and developing a strong strategic plan. I can call them any day to check in on any business problems. One of the ways they differ from a foundation is that part of the money they’ve provided us is a loan that has to be repaid.”

The new Center for Creative Play environment drew 51,000 visitors during its first year of operation, and the Center has raised \$4.5 million in their capital campaign to complete building improvements. Today, the Center for Creative Play generates 30% of its \$1.3 million operating budget through earned-income from social enterprise and fee-for-service programs.

Consulting to Build More Centers

The Center’s Advisory Practice provides a range of services, from half-day workshops to complete consulting on a \$5million build-out. “Our business plan shows that we should start making a \$42,000 profit in year 3,” says Kaplan. “We plan on grossing \$1 million in sales in year two. The budget for the Advisory Practice covers expenses for some of our normal overhead, including 80% of my salary, a portion of the CFO’s and office space.”

As a consultant on indoor play areas for all abilities, the Center will charge fees to help other organizations reproduce the play space and ancillary services for children and families – starting with community development and fund raising, then moving on to the design and construction of the play areas. They help organizations plan for their grand openings, and for the first year of operation they provide a weekly telephone consultations

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Ann Belser is a business writer for the [Pittsburgh Post-Gazette](#) and other publications.

Getting People's Attention Turning Prospects Into Customers

by Jerr Boschee

How do you turn prospects into customers? When do you approach them – and how do you shape your marketing messages?

Unfortunately, getting people's attention isn't always easy. For example, the environmental clutter surrounding your message might bury it: The average person is bombarded each day by thousands of "messages" from televisions, radios, newspapers, magazines, web pages, billboards and other people — it's a wonder *any* of them get through.

Even when one of them does, it can go awry. Who can forget the mistake General Motors made when it decided to sell the Chevy Nova in Mexico: Nobody at headquarters seemed to realize that the Spanish phrase "*no va*" means "doesn't go"! Or the slogan a Scandinavian vacuum cleaner manufacturer used to introduce its product to America: "Nothing sucks like an Electrolux!"

Your marketing resources are finite and you need to be careful how you spend them. Generally speaking, there are five types of prospects for any product or service, but only three are worth pursuing, and only at certain times:

- It's generally wasteful to concentrate any of your marketing efforts on "**innovators**," who make up roughly 3% of the population. They'll try just about anything once, whether you chase them or not.
- If you're introducing a new product or service, your primary target should be the "**early adopters**," about 15% of the population. These are the trendset-

This is the second in a series of monthly columns about entrepreneurial marketing by Jerr Boschee.

ters. Others look to them for cues, and they can be good sources of testimonials and referrals.

- Once your product or service is in play, your primary group of prospects should be the "**early majority**," which represents about one-third of the population. They wait for the early adopters to give their verdict, then try to "keep up with the Joneses."
- Further down the line, you'll want to focus on the "**late majority**," another one-third of the population. These people are considerably more cautious in their spending habits and typically wait for prices to come down.
- Then there are the "**laggards**," usually the last to buy and the first to stop. Your marketing efforts in this category should be minimal, and only if you are harvesting.

Building Awareness

As you pursue the early adopters, the early majority and the late majority, you should capitalize on every communications vehicle available: Advertisements, speeches, web postings, sales brochures, news releases, interviews and many others. And you should be constantly calibrating your messages to build awareness, understanding and credibility. The vehicles may differ, but the same ground rules always apply:

- **Never try to make more than three points in a single message.** If you do, it will blur the focus.
- **Keep your messages simple.** And use language that's easy to understand.
- **Give your messages time to take root.** Sometimes it takes only 10 seconds for people to fully grasp your message, but more often it takes weeks or months, and constant repetition.
- **Make sure they are meaningful.** Does anybody care about your message except you?
- **Make sure they are believable.** Don't bloviate or exaggerate. To be credible, messages must be candid, balanced and accurate.
- **And make sure they are memorable,** unique in some way, without distracting your prospects from



Jerr Boschee has spent the past 25 years as an advisor to social entrepreneurs in the U.S. and abroad. To date he has delivered seminars or taught master classes in 41 states and 12 foreign countries and has long been recognized as one of the founders of the social enterprise movement worldwide. He is currently Executive Director of The Institute for Social Entrepreneurs, which he created in 1999, and Chairman and CEO of Peace Corps Encore!, a nonprofit that re-deploys former Peace Corps volunteers and staff members on short-term assignments in their areas of professional expertise. Please direct your comments to

✉ jerr@orbis.net.

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competitions and awards

Changemakers Innovation Award

Changemakers and Ashoka's Citizen Base Initiative are inviting submissions for the Changemakers Innovation Award. The prizes will be given to the five best ideas for creatively generating resources from a diversified citizen base, comprising individual citizens and citizen organizations, businesses, and the media. All contest entries will appear on [changemakers.net](http://www.changemakers.net) and anyone can post comments, questions, and responses with each contest entry. All applications must be received (in English) by January 14, 2005.

Skoll Foundation Awards \$3 Million To Silicon Valley Organizations

The Skoll Foundation recently announced the recipients of the Skoll Awards for Innovation in Silicon Valley (SAISV). A total of 13 Silicon-Valley based nonprofit organizations will receive \$3.17 million over the next two years to advance systemic change in the region through social innovation.

The awards are made annually to organizations demonstrating exceptional creativity, sustained commitment and a clear record of accomplishment in addressing Silicon Valley's most significant challenges. In addition, each award recipient is eligible for up to \$40,000 per year in capacity-building support from the Skoll Foundation.

Six of the organizations are receiving SAISV awards for the first time, totaling \$1.21 million: Greenbelt Alliance, Santa Clara (\$200,000); John W. Gardner Center for Youth and Their Communities at Stanford University, Palo Alto (\$300,000); Joint Venture Silicon Valley, San Jose (\$200,000); Silicon Valley Council of Nonprofits, San Jose (\$60,000); Silicon Valley Toxics Coalition, San Jose (\$200,000); and Teach for America - Bay Area, San Jose (\$250,000). www.skollfoundation.org/siliconvalleyawards/index.asp

Notre Dame Social Venture Competition Notre Dame, Indiana

The Gigot Center for Entrepreneurial Studies at the Mendoza College of Business is proud to announce the fourth annual Notre Dame Social Venture Competition. In this competition, members of the ND community submit business proposals that identify and pursue innovative

solutions to systemic social problems. Up to \$5,000 in prize money, including a \$3,000 grand prize, Business Overview Submission Deadline: January 14, 2005.

www.nd.edu/~entrep/svindex1.html

Schwab Foundation announces Winners of 2005 Outstanding Social Entrepreneurs

The Schwab Foundation provides recognition for outstanding social entrepreneurs whose work has significantly improved people's lives. Rebecca Adamson, a Cherokee, founded First Nations Development Institute (FNDDI), in Fredericksburg, VA in 1980 to assist indigenous peoples to control and develop their assets, thus directing their economic futures in ways that fit their cultures. While First Nations distinguishes between eight different asset categories, it now concentrates on land and natural resources. FNDDI has spearheaded a cultural paradigm shift in Native American communities, encouraging indigenous entrepreneurship instead of passivity. In order to support small entrepreneurs, First Nations pioneered the first microfinance loan fund on a US reservation in 1983, the Lakota Fund. Adamson and the organization she leads were the only award recipients selected from the United States.

www.schwabfound.org/

schwabentrepreneurs.htm?schwabid=1464

www.firstnations.org

Third National Business Plan Competition For Nonprofit Organizations Update 90 Entrants Selected To Round II

90 organizations were selected to move forward to Round II of the Competition, and will submit Working Drafts of their Business Plans on December 20, 2004. Their business concepts are quite varied and range from a cleaning service that employs the formerly homeless to a party entertainment company run by an arts company that specializes in creating theatrical spectacles, and a venture that will manufacture and sell water treatment units to governments and quasi-governmental organizations that support community development and disaster relief efforts. ■

ventures.yale.edu/statusreport_third_competition.asp

accelerators

Baltimore Community Wealth Collaborative Graduates 8 Social Enterprises

In West Baltimore, Our Money Place is building on its mission of providing basic banking and financial services to low-income area residents. Now, the organization is expanding to provide an array of investment, tax and estate planning services to customers of all incomes.

On the eastside, an upholstery-training program run by the nonprofit Caroline Center has studied its market niche and has developed a business plan to expand its offerings to make them more customer-friendly.

Our Money Place and Caroline Center Upholstery are two of eight Baltimore non-profit enterprises that took part in the Baltimore Community Wealth Collaborative 2004, a 10-month business planning process.

“Our objective is to help these critical human services organizations in the Baltimore community become more sustainable, so they can weather difficult economic times and expand their services to meet new or growing needs,” said Diana Morris, director of the Open Society Institute-Baltimore (OSI), a partner in the Collaborative.

Other partners are the Annie E. Casey Foundation (AECF), the Goldseker Foundation, the Alvin and Fanny B. Thalheimer Foundation, the Aaron Straus and Lillie Straus Foundation, the Baltimore Community Foundation, the University of Baltimore and Community Wealth Ventures

Social Enterprise Group and the Bainbridge Graduate Institute launch Social Enterprise Business Plan Accelerator

The Seattle-based Social Enterprise Group has teamed up with the Bainbridge Graduate Institute to apply Gifford and Libba Pinchot's highly effective business plan accelerator to social enterprise. Teams of up to five participants working on the same social enterprise idea will spend three months developing their social enterprise business plan while learning and applying important concepts such as: using financials as a decision making tool, identifying appropriate types of financing, market research and marketing, all within the context of balancing mission and profit. Space is available on a first come, first-served basis. ■ www.bgiedu.org/index.php?option=content&task=view&id=97&Itemid=29

(CWV). The Washington, D.C.-based CWV provided customized business consulting, technical assistance and support for the ventures, including in-depth monthly seminars with non-profit leaders and experts in social enterprise and business development.

The Collaborative culminated with the eight organizations presenting an overview of their business plans to a panel of business experts and potential investors from the Baltimore community.

The eight nonprofit organizations were awarded commendations from Mayor Martin O'Malley for their “entrepreneurial leadership role in Baltimore’s dynamic nonprofit community and successful completion of the Collaborative.” The mayor commented: “These organizations, through launching business ventures, are seeking new models and a higher standard for nonprofit financial sustainability. They are serving as examples for other nonprofits in Baltimore and in the state of Maryland of how entrepreneurial efforts can provide for the needs of our citizens.” ■

Contact: Alfred Wise, Community Wealth Ventures
www.communitywealth.com

Mara Kaplan: Passionate About Play

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to smooth any early glitches. Kaplan said the play spaces that Center For Creative Play has developed aren't just for stand-alone centers, but also work for children's museums and hospital waiting areas.

With a lead gift of \$1 million from the W. K. Kellogg Foundation of Battle Creek, Michigan, the Center launched the Able To Play program to build inclusive play spaces throughout the state of Michigan, in collaboration with another nonprofit, Boundless Playgrounds™ www.boundlessplaygrounds.org. There are currently three new Center for Creative Play environments being created in Baraga and Holland, Michigan. Additional Center for Creative Play environments are in the initial planning stages in Buffalo, Cleveland, West Virginia, and Trinidad. “Why reinvent the wheel when we can come in and show you how to do it,” Kaplan says.

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The Income Diversification Journey (2)

by Warren Tranquada

This is the second in a series about Grantmakers for Effective Organizations (GEO), a nonprofit membership community founded in 1997. GEO is dedicated to maximizing philanthropy's impact by advancing the effectiveness of grant-makers and their grantees.

The previous article (SER, November '04) described GEO's steps to assess its readiness for an earned-revenue strategy, build commitment for the process, and set context. GEO staff interviewed key stakeholders, assessed earned revenue performance, and reviewed the experiences of similar organizations.

Brainstorming Ideas for an Earned Revenue Strategy

GEO's pre-planning activities culminated in a full-day meeting to brainstorm and screen potential earned-revenue opportunities. The meeting included all staff and a board liaison.

"It was critical to have staff participation as we considered which projects we could actually implement," says GEO's executive director, Kathleen Enright. "The board liaison helped strengthen the board's confidence in the process. It was a great asset to have someone in the room who the board knew and trusted."

Throughout the day, participants reviewed the output of the pre-planning exercises, and discussed the

Warren Tranquada is the Chief Executive Officer of Pepin, Tranquada, Baker & Associates, a consulting firm that helps non-profits develop and implement income diversification strategies.

➔ www.pepintranquada.com

Guidelines for Screening Ideas Quickly

Adapted from *Social Entrepreneurship — A Reference Guide*

Most organizations have far more business ideas than they can analyze in depth, and it does not make sense to write business plans for ideas with little likelihood of implementation. Simple questions can be used to rate ideas quickly, in a group setting.

GEO used the following questions and spent just 2 minutes on each idea:

- 1) Does the idea fit with GEO's mission and theory of change?
- 2) Does the idea address an urgent unmet customer need?
- 3) Would the business lead to at least \$200,000 of revenue and \$100,000 of profit?
- 4) Can the idea be implemented with under \$50,000 investment? Is anyone enthusiastic about the idea? This question often is the decider — if no one is interested enough to volunteer 3 hours to write a business case, it is unlikely that the organization will be able to commit to making the implementation work.

context in which GEO interacts with members — including trends, stakeholder segments, and the needs of members and other stakeholders. The team also discussed potential barriers to success. After developing some preliminary plans for dealing with challenges, the team agreed to "park" the remaining issues for the day, so that brainstorming could occur with open minds.

Participants kept GEO members' needs forefront in their thoughts, as they brainstormed opportunities to enhance earned revenue and organization sustainability. For example, the group discussed how smaller-budget GEO members were increasingly asking for more "how-to" applications of GEO research.

Almost 100 ideas were suggested, ranging from minor project enhance-

ments to concepts that would redefine the nature of the organization. Participants divided into small groups and used a simple set of questions to create a preliminary rating for each idea (see sidebar). The questions were developed by participants, helping to create buy-in for the final selections. The process ultimately led to eight ideas emerging for further consideration. Despite the large number of ideas, final selection of ideas was actually quick, as the screening questions helped limited debate to only a dozen suggestions.

The following tips helped make GEO's brainstorm sessions successful:

- 1) Trust your judgment
- 2) Use the customer's perspective
- 3) Don't split hairs by debating

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MEMBER PROFILE

Pittsburgh Social Enterprise Accelerator

by Ann Belser

When Tim Zak's father died unexpectedly last January, he received a care package filled with items to help people who are mourning the loss of a loved one. For Zak, the care package was both thoughtful and a reminder of what he is doing to help non-profits flourish in the Pittsburgh region.

Zak is President of the **Pittsburgh Social Enterprise Accelerator**, founded in 2002 as a project of the 501(c)(3) nonprofit **Tides Center of Western Pennsylvania**. The Accelerator is a leader in a Pittsburgh-area working group of consultants and representatives of local foundations, government and universities helping non-profits create their own wealth. Zak hopes that his program will turn the 10-county region in southwestern Pennsylvania into a Silicon Valley for social enterprise.

Assisting the Grief Center

The Accelerator hadn't even rented an office yet, when Lulu Orr, the Executive Director of the **Good Grief Center for Bereavement Support** called Zak in November of 2002. Orr wanted to market "care packages" that included tips about grieving, a mug and tea, a candle and a journal. Although the Center would not be part of the Accelerator's official portfolio, Zak gave Orr a list of things her organization needed to start producing and marketing her product. He talked to her about "time boxing" or setting deadlines for certain tasks to be accomplished, and put her in touch with a consultant who could help develop a business plan. The first care package was ready to ship in October 2002. Half of the cost of the \$50 care package went to support The Good Grief Center; the other half paid for the package. Orr hopes that the care packages will support a quarter of the Good Grief Center's \$215,000 budget by 2007.



Tim Zak, President of the Pittsburgh Social Enterprise Accelerator

Developing Profitable Enterprises for Nonprofits

The Accelerator works with nonprofit organizations that have a goal of developing self-sustaining, profitable enterprises. "Foundations most often fund programs, not development of operating capacity. Our ventures have a goal of contributing unrestricted funds that the nonprofit can count on, year in and year out."

During the acceleration process, the Accelerator provides their portfolio of ventures with the 4 C's: coaching, connections, credentials and capital.

To evaluate the performance of portfolio ventures, Zak uses a modified "Balanced Scorecard," derived from corporate benchmarking.

"We're looking for indicators of whether they're moving in the right direction with their social and financial capital development," Zak says. "We look at similar social enterprise ventures, recognizing the uniqueness of non-profit intrapreneuring."

Zak hopes the Accelerator will help non-profits become more creative in the way they finance their organizations, freeing them to focus on their real goals. When Zak sat down with **Venture Outdoors** Executive Director Mike Schiller to discuss financing, he encouraged Schiller to bring his plan for a canoe and kayak concession rental to the local capital marketplace, as an entrepreneur would. A successful software entrepreneur, Schiller was receptive to approaching traditional financiers: banks, and community development finance institutions.

In reaching out to traditional capital markets, Zak hopes to expand funding opportunities in the region for other nonprofit social enterprises. "While Foundations are an important part of the investor community for nonprofits," Zak says, "it shouldn't be a knee-jerk reaction to approach them when funding social enterprise."

Other Accelerator portfolio ventures include the **Westmoreland Museum of American Art** and the

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Launching a New Enterprise, and Doing It Well

by Samantha L. Beinhacker

Book Review:

The Art of the Start: The Time-Tested, Battle-Hardened Guide for Anyone Starting Anything.

By Guy Kawasaki

Portfolio Publishing September 2004

\$26.95

www.artofthestart.com

The bottom line on Guy Kawasaki's new book, *The Art of the Start*, is: read it!

Kawasaki brings humor, intelligence, and good common sense to a daunting task—the launch of a new enterprise. What does it take to turn plans into action? How to deliver an expert pitch to prospective investors? What's the

best way to recruit the best and brightest? How to partner and scale your enterprise without getting swallowed whole? In quick, pithy chapters, Kawasaki offers key principles for getting an enterprise developed and off the drafting board.

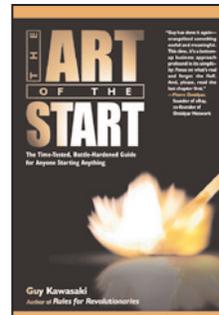
Offering practical real-world examples (from his own experience at Apple and now as CEO of Garage Technology Ventures), Kawasaki tracks the reader through *Articulation* (positioning, pitching, and writing the plan) to *Activation* (bootstrapping, recruiting, and capital raising) into *Proliferation* (partnering, branding, and rainmaking).

To Kawasaki, *Articulation* means stating the “heart and soul” of the new organization in 30 words or less: Why the founders started it, why customers should patronize it, and why good people should work at it. He is less interested in business plans, though he admits that most investors, recruits, and board members expect to see a plan, and he considers the *process* of writing a plan to be invaluable.

By *Activation*, Kawasaki means implementation, and minimalism is the key to doing that well. As he puts it, “think big but start small.”—important cautionary words for aspiring nonprofit entrepreneurs. He also offers good insight into the world of venture capitalists—his top ten list of “ten lies *not* to tell a prospective investor” is particularly instructive.

Proliferation, means getting the word out—branding, partnering, and drumming up more business. Kawasaki is a proponent of recruiting evangelists who can rally around your service and generate the ever-important buzz. The secret to branding, he suggests, is to create or find products and services that are so fabulous that everyone will want a piece of them. (As he puts it, “you can't brand crap.”)

You get the impression that Kawasaki is to be trusted—his examples suggest that he's been there, done that. And, some of the best advice he can offer comes at the end of the book, describing the “art of being a *mensch*”—



“if you want to build a truly great, lasting organization, you need to set the highest moral and ethical standards for employees... The three foundations of *menschhood* are: helping lots of people, doing what's right, and paying back society—simple concepts that are hard to implement.” The lesson extrapolated for nonprofit entrepreneurs is that social enterprise need not be at odds with mission. ■

Samantha L. Beinhacker is Deputy Director of the Yale School of Management - The Goldman Sachs Foundation Partnership on Nonprofit Ventures ventures.yale.edu/

Mara Kaplan: Passionate About Play

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Valuing Services

In advising other nonprofits that are considering the feasibility of building similar play environments, Kaplan points out a problem common to all nonprofits that have to balance money and mission: undervaluing your organization's services. “Don't price your services at under the market rate,” says Kaplan. “Our admission should be much higher, but we can't double admission at this point. We're telling our advisory practice clients to really think about pricing. You're offering something very very valuable!”

Keys to Success

CFCP has worked hard to develop a product that people are interested in purchasing, and they've been fortunate to have the support of the PSEA. But one of the keys to their success, Kaplan says “is things we've done internally. We learned to change management when we grew from a grassroots organization to a multi-faceted one. I hired a passionate team and I trust them to do their job. There will be a point when I'm not the right person to direct the Center, when we need to keep the status quo for 5 years and manage what we've got. That wouldn't be the job for me— I can't stop coming up with new ideas!”

■ www.cfc.org

grants available

J-Lab receives \$1 Million to Launch Community News Ventures

J-Lab: The Institute for Interactive Journalism will launch a pioneering program to seed community news ventures around the country with a new \$1 million grant from the John S. and James L. Knight Foundation.

Over the next two years, the “New Voices” project will help fund the start-up of 20 micro-local, news projects; support them with an educational Web site, in collaboration with the Poynter Institute’s News University; and help foster their sustainability through small second-year grants.

Under the grant, J-Lab, a center of the Philip Merrill College of Journalism at the University of Maryland, will call for proposals from nonprofit and education institutions with new ideas for distributing news and information. A national Advisory Board will award seed grants of \$12,000 to \$17,000 to help create new types of self-sustaining community media projects.

✉ news@j-lab.org

➔ www.j-lab.org

publications

Fast Company 2005 Social Capitalist issue on sale now

This special issue, in which *Fast Company* gives awards to the nation’s top socially entrepreneurial organizations, is the largest project in the mainstream media devoted to social sector issues. *SER* Contributing Author, Cheryl Dahle helped create the awards as a way to recognize the immense contributions these groups are making to society.

The content is available for free online at ➔ www.fast-company.com, but newsstand sales will make a difference on whether these awards are offered in the future. E-mail the editors at ✉ loop@fastcompany.com to let them know you read the issue, support this kind of content, and want to see more of it!

Social Profits newsletter launch

Social Profits will publish a monthly newsletter bringing news of capacity building efforts in the Puget Sound Area and the World. Social Profits is a project of Seattle Social Enterprise Consultants (SSEC). SSEC is a group of Seattle-based consultants that develops and implements sustainable and integrative approaches that enhance the productivity and capabilities of non-profit organizations, community groups and businesses.

➔ www.socialprofits.com

appointments

Two *SER* Editorial Advisors, Jerr Boschee and Sutia Kim Alter, have been appointed to speaking and lecturing engagements at the Skoll Centre for Social Entrepreneurship at the Oxford University Saïd Business School. Kim will be a Visiting Fellow on the Centre’s research faculty and Jerr will be speaking at the Skoll World Forum on Social Entrepreneurship 30th March - 1st April 2005. Congratulations!

➔ www.sbs.ox.ac.uk/html/faculty_skoll_main.asp

Boschee

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the core of the message itself (don’t fall in love with your own cleverness).

Finally, when you begin crafting your messages, ask yourself two key questions:

- What must people *believe* about our product or service before they will buy it?
- What do they believe *now*?

The answers will give you a roadmap for your marketing plan. You can close the gap between what prospects believe now and what they need to believe before they’ll become customers by reaching out to them at the right moment — and by sending them messages that are memorable, meaningful and, above all, believable. ■

Fast Track or Back Burner?

Measuring the Feasibility of Your Venture Ideas

by Rolfe Larson and Andy Horsnell

Most nonprofits exploring earned income find they have many venture ideas, but only enough time to pursue one at a time. As a result, that idea really needs to be a good one. Some managers jump right into the first idea that comes to them. A better strategy is to figure out first which ideas are worth pursuing.

Feasibility analysis involves evaluating the relative strength of numerous venture ideas, and then assessing whether your organization will be successful pursuing a specific idea. One approach to doing this is to apply a set of standard criteria (see sidebar) as you walk through the following feasibility steps:

1. Judgment involves quickly scanning your list of venture ideas, mentally applying the four criteria (not the questions), and removing those ventures that are obviously not worth exploring. Typically, this requires just a few hours of work, and results in a list of a dozen or so ideas.

2. In Feasibility Screening, the surviving ideas are rated against the nine questions that probe deeper into the four criteria (see sidebar). Normally, this takes less than a day's worth of staff time, and leads to the identification of two or three promising ideas.

3. The Quick Feasibility Test involves gathering internal and external data to answer an expanded list of twenty feasibility questions. This step often takes 20 to 30 hours per venture, and, if the venture passes the test, is usually as far as you'll need to go before preparing a quick business plan.

4. When the risks are high or

Feasibility Criteria

I. Strategic – alignment with your mission and core values.

1. Will this venture support your organization's mission and core values?
2. Is there a staff person who will be passionate about seeing it succeed?

II. Operational – fit with capabilities, strengths and assets.

3. Can you clearly describe the proposed service?
4. Will you be able to produce and deliver it?

III. Marketing – evidence that customers will choose your service over their alternatives

5. Can you clearly describe your target customers?
6. Is there evidence these customers are willing to pay for this product or service?
7. Is there evidence they will prefer it over their alternatives?

IV. Financial – credible indications that annual revenues will at least cover costs.

8. Is this venture likely to break even within three years, with potential for profitability thereafter?
9. Can you estimate the start-up costs and where the funding will come from?

there are significant unknowns, some venture ideas require a Full Feasibility Study. These studies can take 100+ hours of work, and are often done by consultants at significant cost.

In our next article, we'll examine how to take promising ideas through the third assessment step — the quick feasibility test. A subsequent article will describe how to prepare a quick business plan for the idea you selected. ■

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 Amherst H. Wilder Foundation.

➔ www.wilderpubs.org

Rolfe Larson and Andy Horsnell are principal consultants at Rolfe Larson Associates

➔ www.RolfeLarson.com, a marketing, finance and venture consulting firm that specializes in helping nonprofits develop successful

PR For Nonprofits

Engaging the Media

by Sylvia Paull

Not operating for profit sometimes has its advantages, at least when it comes to getting media coverage. Nonprofits can take advantage of an FCC ruling that requires radio and television stations to allot a certain portion of their time for Public Service Announcements (PSAs) about events and services your organization provides. These spots usually run from 15 to 60 seconds and are played several times during the day over a period of one or more days.

Because radio and TV stations can get inundated by other requests for PSAs, it's important to make your message short (60 seconds or less), topical, targeted to the same audience the station plays to, and engaging.

For example, here's a PSA for a women's college that was trying to enroll students in a graduate computer science program.

Looking for a career that makes the most of your mind while richly supporting your bodily needs? If you have talent and an interest in computing, it's never too late to take up a career in computer science. Learn from a panel of women who have done just that and can tell you all about it. The panel, "It's Never Too Late: Careers in Computer Science," takes place Wednesday, June 2, at 6 p.m. at Google's Silicon Valley headquarters. To register, call xxxxxxxx or click on www.xxxxxx.

The PSA was sent to radio stations that targeted young women, as well as classical music and news sta-

tions that marketed to older women. Because the message was short and relevant to a large market of underemployed and unemployed women in the San Francisco Bay Area, it received extensive play by the local media. As a result, the event sponsored by the college drew a large crowd.

Email Query to Reporters

To get reporters to cover an event, product, or service, in print or online media, you need to identify the reporter most likely to be interested in what you're offering. Rather than send that reporter a press release, send that person a short email query asking whether they might cover the topic. The query shouldn't be more than two sentences. Anything longer is likely to be left unread.

- ✓ The first sentence should state why your event, product or service is important at this moment in time.
- ✓ The second sentence should ask whether this reporter would be interested in more information.

For example, to get the attention of the media reporter for a local paper about a new web service, askquestions.org, I wrote a quick email:

*Matthew,
People who are pissed off at the media now have a solution: www.askquestions.org, a non-profit that answers questions the media hasn't asked. Let me know if you'd like to talk to the founder - formerly a well-known print publisher - or*

some of the site's very satisfied users.

Sylvia

The reporter did respond and said he would write an article about the news web sites and include my client in a future story. However, that reporter was then removed from his beat!

For television coverage, you need a photo opportunity. If you can get a celebrity to use your product or service, and show that celebrity in action, you have a far better chance of getting coverage. Clients in dramatic situations are also a draw...on a slow news day! ■

Sylvia Paull is CEO of Berkeley Ventures, Inc., a PR agency that generates strategies for media coverage of people, organizations and businesses. Her clients include the first women's expedition to Annapurna in Nepal, CNET, Ask Jeeves, Wired magazine and Alibris.

You can reach Sylvia at:

➔ www.berkeleyventures.net

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Integrating Cultures

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ronment where both business and social outcomes are valued—is a difficult proposition. But veterans at REDF portfolio companies say the secret is to build a culture in which business and social goals are inseparable, rather than segregated into their respective departments.

Hire Hybrids From the Start

The best way to build an integrated culture is to hire using that filter, says Denise Yamamoto, who is Co-Director of Business Enterprises for CVE (along with Goore). “You have to hire for the combined sensibility. That is tough to find, but much easier to do than trying to train someone to care about the ‘other’ side,” Yamamoto

“I can remember a time when using the term ‘business plan’ would initially offend people. But not after I outlined it as just a vision of how to ultimately serve more people. We try to be much clearer in how we communicate, now”

— Sheryl Young Hunt, CEO
Community Gatepath

says. She says CVE recently spent more than five months searching for the right person to head its janitorial services business, for that reason.

While it would be simpler to reduce the hiring process to a formula (hire for the business skills, train for social mission or vice-versa),



Denise Yamamoto, CVE's Co-Director of Business Enterprises

Yamamoto says the right blend varies from person to person. “I have heard people argue that it’s better to emphasize one skill set or the other, but I can be talked into either, depending on the person,” Yamamoto says. “I think being a hybrid is more about an attitude and an openness than it is about strict resumé experience.”

Sheryl Young Hunt, CEO of **Community Gatepath**, which provides support and employment services for the disabled, agrees that the best juncture to address culture is in hiring. When Young Hunt took over the agency 16 years ago, the hiring approach was to slot business people into the enterprise functions and those trained in social services into the client-facing part of the company. That resulted in a bifurcated organization, with two different modes of communication, sets of values and expectations.

Today, Young Hunt says that the company works to set a hybrid tone in all of its communications with hiring candidates and employees. “We really look at those first few contacts with that potential hire to set the

tone,” she says. “We talk extensively about what the culture is here and what our expectations are. We hope that by being clear from the beginning about who we are and what we do, that people who don’t belong here will self-select out.”

Blend the Best of Both

A social enterprise culture can be a great opportunity to blend the best from both non-profit and for-profit cultures, says Young Hunt. In particular, she has tried to cultivate a process around decision-making that consults widely with those who will be influenced by the outcomes, but also sticks to a timeline that will keep the company a competitive business.

“When I started here, everything was done by consensus. It could take weeks to get agreement on a decision. You just don’t have that kind of time if you’re going to run an efficient company,” Young Hunt says.

“Today, we focus on spelling out the decision-making process for people. Everyone knows who has the authority to make a decision, or where they need to go for approval. And we try to be transparent about why decisions are made, so people won’t take it personally if they aren’t consulted.”

CVE’s Business Director Karen Goore says that culture blending around meetings and decision making has helped employees at CVE develop a healthy respect for the myriad roles necessary to run a social enterprise—in part because attention is paid to slowing down and explaining how the social service and business aspects of the company work.

Goore points to a strategy-setting meeting that the company had last year as an example. The senior leadership wanted to make some changes to the clerical services business, based on feedback that CVE had received from its corporate clients.

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Integrating Cultures

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Rather than making those decisions out of hand, the enterprise managers met with the client services managers to discuss the need for changes and how best to execute them in a way that would make sense for CVE's *other* clients—the mentally ill. Spending the time to partner in planning the changes really paid off, Goore says.

One person from the social services division told Goore after the meeting that the process had given her a new respect for the business side, because she could see through the collaboration that the team had hatched a better solution than she would've come up with on her own.

"I don't understand exactly what an occupational therapist does, and that occupational therapist might not understand what I do as a business director," Karen Goore says. "But we both have a healthy respect for each other's work—and the fact that the company needs both of us to thrive."

Lose the Jargon

One of the simplest ways to sabotage a hybrid culture is to make assumptions about what is common knowledge. Both domains of business and social services have their own vocabularies, and it is dangerous to assume that everyone is familiar with the terms and jargon of both.

Karen Goore found out early on that even using words like "strategy" or "tactics" were off-putting to the counselors she worked with. Meanwhile, she was at a loss when therapists started bandying clinical terms around.

At Community Gatepath, the company went so far as to create a manual with common definitions for terms. "We just wanted to avoid the

situation where everyone would think they knew what they were talking about, when we weren't really on the same page," CEO Young Hunt says. "For instance, I can remember a time when using the term 'business plan' would initially offend people. But not after I outlined it as just a vision of how to ultimately serve more people. We try to be much clearer in how we communicate, now."

While the difficulty of cultivating a hybrid culture can seem like an overwhelming task, those who've invested in the effort say that the payoff is monumental.

"Running a social enterprise is definitely more of an intellectual and experiential challenge than running either a strictly non-profit or an exclusively for-profit company," says REDF Portfolio Director Cynthia Gair.

"Either one of these is difficult in its own right, and to bring them together is even more difficult. But if you do it well, you can create an organization that is far more than the sum of its parts." ■

➔ www.communitygatepath.com

➔ www.cve.org

Cheryl Dahle ✉ cdahle@sbcglobal.net is a freelance journalist and social enterprise consultant based in San Francisco. She writes for *Fast Company*, *The New York Times* and many other publications. She spearheaded the creation of the Fast Company/Monitor Social Capitalist Awards Project.

Income Diversification Journey

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the ratings of ideas that are scoring low

4) Accept that some good ideas may be eliminated

5) When assessing profit potential, ask: "What must I believe is true for this to be a good idea?" For example, if \$200,000 is the minimum required revenue: How many units must be sold? What percent of the market does this represent?

A champion volunteered to work on each idea, committing to invest three hours to writing a short business case before the next meeting, when further screening would take place. Our next article describes this process.

■ ➔ www.geofunders.org

Pittsburg Social Enterprise Accelerator

(continued from page 8)

Manchester Bidwell Corporation, which owns a jazz recording label under its **Manchester Craftsmen's Guild** group. A fourth venture, the ➔ **Center for Creative Play** is profiled in this issue of *SER*.

"Each of the ventures came naturally from the work of the non-profits" says Zak. "Not all nonprofits should launch a social enterprise, and over time nonprofits will have to reconcile their cultural values with financial needs. One of the hallmarks of a successful social enterprise is that it is so intricately linked to the rest of the mission, it's hard to figure out where the non-profit and the for-profit begin and end." ■

➔ www.pghaccelerator.org

Ann Belser is a business writer for the *Pittsburgh Post-Gazette* and other publications.

Learning to Fish: Entrepreneurial Strategies for Sustainability, Irvine, CA Thursday, January 20, 2005

The Volunteer Center of Orange County presents a day-long conference on social enterprise in collaboration with the Social Enterprise Alliance, the Association of Fundraising Professionals Orange County Chapter, and the national Points of Light Foundation. Register at www.volunteercenter.org/socialenterprise/program.asp

2005 Nonprofit Social Enterprise Summit February 9-11, 2005 Burton D. Morgan Center for Entrepreneurship at Purdue University West Lafayette, Indiana

The Burton D. Morgan Center for Entrepreneurship at Purdue University, Indiana Nonprofit Resource Network, Western Region, Warehouse Designs and the Center for Entrepreneurial Organizations will present the 2005 Nonprofit Social Enterprise Summit, February 9-11, 2005 at Purdue University, for nonprofit leaders, Boards of Directors, venture philanthropists, traditional grant-makers, donors, consultants and anyone interested in the sustainability of our local nonprofit organizations.

The Summit, the first of its kind in this region, will be two and one half days of intensive training designed to enhance the viability, sustainability and social impact of nonprofit organizations in our region. National Leaders will set the stage with keynote seminars on the challenges and benefits of social entrepreneurship.

Keynote Speakers are Jerr Boschee, Institute for Social Entrepreneurship and Jim McClurg, Social Enterprise Alliance and SER Editorial Advisors. discoverypark.e-enterprise.purdue.edu/wps/portal/cmd/cs/ce/155/s/4349/_s.155/4349

Ethical Corporation's Business/NGO Engagement Conference: Feb 22-23, 2005 Regent's Park Marriott Hotel, London

For the first time in Europe: a critical evaluation of 29 of the world's most innovative partnership case studies, plus 16 interactive workshops and over 60 expert speakers covering:

- Key ingredients of a successful partnership: What are they, and how do they really work?
- Partnership expectations: Are some partners more equal than others – and can you achieve real trust when your partner has a different standard of accountability?
- Practical issues: How do you agree a joint approach on potential minefields such as key performance indicators and the nuts and bolts of partnership management?
- Avoid failure: What can you learn from partnerships that have turned sour – and how can you success-proof your own projects?

Plus professional tips on structuring agreements; tactics to resolve disputes; selecting the most appropriate partners; tackling corruption; balancing the opportunity against the risks.

www.ethicalcorp.com/engagement/

2005 San Francisco Social Venture Institute Business Problem Solving for Socially and Environmentally Conscious Entrepreneurs February 28 and March 1 2005

This event will bring together successful business leaders and emerging entrepreneurs for an interactive learning experience, exploring the day-to-day challenges of running a triple bottom line business.

www.wtc-sf.org/svinstitute.html

Skoll World Forum on Social Entrepreneurship March 30th - April 1st 2005 Saïd Business School, University of Oxford, England

The 2005 Skoll World Forum for Social Entrepreneurs is the premier global gathering for change-makers everywhere. This year conference organizers have introduced a rolling thematic focus — this year networks and their impacts for social entrepreneurs — and an area focus on Europe.

www.sbs.ox.ac.uk/html/faculty_skoll_world_forum_2005.asp

Social Enterprise Alliance (SEA) 6th Annual Gathering April 17-20, 2005, Milwaukee WI

With a long history of support for social enterprise, a large group of Milwaukee social entrepreneurs are joining with the Wisconsin Women's Business Initiative Corporation (see interview on page 7) to host the 6th Annual Gathering of the SEA.

Julann Jatczak, WWBIC Vice President and SEA Board member, and Wendy Baumann, a founding member of SEA, will address the national gathering.

Social Enterprise Alliance www.se-alliance.org is a membership organization, mobilizing nonprofit organizations and funders to advance earned-income strategies.

The 12th Annual Net Impact Conference Speaker Presentations and Materials Online

The 12th Annual Net Impact Conference, "Business Leaders Building a Better World", was hosted by Columbia Business School in New York City, on November 11, 2004. Highlights and presentation materials from speakers, including Julius Walls, Jr., CEO, Greyston Bakery and Vice President, Enterprise and Jobs Development at Greyston Foundation, and Jeffrey Hollender, CEO of Seventh Generation and author of "What Matters Most", are available for download at

www.net-impact.org/index.php?id=435