

## Housing Nonprofits Together

### Multi-Tenant Nonprofit Centers (MTNCs)

by Laura Del Rosso

**J**ust south of Times Square in New York City, 25 arts and theater groups occupy a shared office space with a kitchen, copy room, rehearsal studios and meeting rooms at **Spaces at 520**. What began as a 30,000 square foot industrial space on the third floor of a New York building has become the model for a wide range of nonprofits.

The **Alliance of Resident Theatres/New York** (A.R.T./New York)—which first developed a modest facility for theater groups in Brooklyn—drew upon the resources of the City of New York to develop Spaces at 520 in Manhattan. The renovation was almost completely financed with public funds, including \$8 million from city government sources.

Spaces at 520 is an example of a growing movement: Across the country, nonprofit groups are developing Multi-Tenant Nonprofit Centers (MTNCs). These spaces have an array of configurations and serve diverse organizations—but their common purpose is to provide affordable workspace that is protected from the volatile real estate market, and to offer sup-

#### INNOVATIVE SOLUTIONS

port and services for tenants with synergistic missions. **Innovative Earned Income Strategies**

Many organizations are using inventive earned income strategies to develop and finance their MTNCs. Financing may include capital campaigns, traditional bank financing, community loan funds, private loans, program-related investments from foundations, historic tax credits (these are only applicable for for-profit projects but may be used for public-private partnerships), tax-exempt bonds, or an organization's reserves.

Spaces at 520's mission was first and foremost to have affordable and stable rents. In order to provide these, the organization has focused on generating revenue by renting meeting and rehearsal space to tenants and other arts organizations.

If the rental income falls below the business plan's expectations, A.R.T./New York does not plan to raise rents for its long-term tenants. "If we found we weren't meeting income projections, we would seek other funding," states Mark Rossier, Director of Development and Marketing for Spaces at 520. "The idea wasn't that the rehearsal and meeting space would become a 'cash cow' and generate huge amounts of income. The idea was that the building would sustain itself, and so far it has."

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Laura Del Rosso is a San Francisco-based freelance journalist who writes for *The Travel Institute's Travel Professional* and *Travel Weekly*. Her work also appears in newspapers and other trade magazines.

# Letter to Readers



Dear Reader,

Spring is here and it's conference season. Father Nic Frances, a Schwab Foundation Outstanding Social Entrepreneur, was in San Francisco for the recent Social Venture Institute, where I had a chance to speak with him. Nic founded the UK-based **Furniture Resource Centre**, a social enterprise that became a nationally renowned manufacturer of quality household furnishings. In 1999, Nic moved to Australia, where, after a five-year appointment as Executive Director of the **Brotherhood of St. Lawrence**, one of Australia's leading charities, he recently started a for-profit social venture, **Easy Being Green (EBG)**.

Nic spoke about two themes that are present in this issue of *SER*: competitiveness and love—not two words you'd often hear mentioned in the same story. As an entrepreneur starting a social venture, Nic made it clear that it was “desperately important” that he had a competitive, market-driven plan for EBG. As an entrepreneur he does not expect anything from anyone and takes responsibility every day for understanding the needs of his market and the success of EBG's business. But he made it clear that he was building a business that would be based on love for the planet, for the business and for his fellow co-workers.

In *Play to Win*, reviewed in this issue of *SER*, author David La Piana, takes aim at non-profit leaders unwilling to openly acknowledge and embrace competitive realities within the non-profit sector. “Competition brings the possibility of helping your organization to stand out from the crowd, and it can lead to better organizational efforts and better outcomes for customers.” But should love be a competitive success factor?

As Sonia Pouyat states in the *SEA* Member Spotlight, “we actually talk about and believe in love, here. We think that love is the ingredient that helps our kids to make the shift to health—that professionalism and skill is not enough.” As JudyLynn Archer says in her *Entrepreneurship in Action* profile: “When [our clients] come to us, that spark within each of us that allows us to move forward in life has become this small glow: still there, but damped down. By the end of the program, that flame has been re-ignited in them. They're on fire: You can't hold them back.”

So yes, as Father Nic, JudyLynn and Sonia will tell you, you need a competitive business drive to succeed, and you need love to inspire and transform. A winning leadership combination!

Best wishes,

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# JudyLynn Archer

## Transforming Women's Lives, One Brick at a Time

by Michelle Provorny Cash

**J**udyLynn Archer assumed the role of Executive Director for the Edmonton, Alberta-based **Women Building Futures Society** in November 2001. This charitable organization operates a program to train women in the construction trades to help them get out of poverty and achieve economic prosperity. Under JudyLynn's guidance, the organization continues to expand its programming, including a new social enterprise, **The Fixit Chicks**™.

### Q: How does Women Building Futures help women achieve economic success?

A: Our goal is to prepare women for long-term employment in Alberta's construction trades. At the end of the program, we find jobs for them with employers who will register the women as apprentices, not just hire them as construction laborers. These women have the preparation, work skills, and a 'no-quitter' attitude that employers appreciate.

This year, we will be adding to our standard programs. We have some funding from industry to train more women to work in oil, gas, and mining. There's a lot of opportunity out there for women, and there are a lot of women interested in getting into these well-paying trades.

We are also launching a social economy program this year, to address a number of things that can result in homelessness—low skills for well-paying jobs, low self-confidence, and lack of affordable housing. We will build a new, larger training facility for Women Building Futures; and low-income women will learn construction skills as they build a new residential/commercial construction project. At the end of the program, participants will be eligible to move into the residential units on a rent-to-own basis.

### Q: Why did you launch The Fixit Chicks as a social venture?

A: Both Women Building Futures and The Fixit Chicks

**“Our business is helping women get out of poverty and stay out. We're so committed to what we're doing that we're finding our own money to do it.”**

are social ventures, and we have no core funding for either. Our Women Building Futures budget this year is just under a million dollars, with approximately \$300,000 from government. We have to raise the rest, and that's why we started The Fixit Chicks. All profits from The Fixit Chicks helps offset training costs at Women Building Futures.

Nonprofits that can create businesses and generate revenue can approach government from a position of strength, rather than need. I think that government funders see us as a true partner, and this has a very positive impact. They want to work with us, I believe, because we are part of the solution.

When women come in here, if we're always looking for someone to give us money, what does that say to our

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Holly—a graduate of Women Building Futures

Michelle Provorny Cash lives in Edmonton and is Managing Editor of *Social Enterprise Reporter*.

## Deciding How to Reach Customers

### Personal Selling vs. Advertising vs. Publicity vs. Promotion

by Jerr Boschee

“Do you have a story to tell? Everybody has a good cause, but that’s not enough any more.” Rick Walker operates seven social enterprises in Marshfield, Massachusetts, that employ people who have developmental disabilities. To him, story-telling is an art—and the heart and soul of marketing.

But what is the best way to reach your prospective customers? How do you capture their attention? And how do you keep them riveted on your message?

There are four traditional ways to pave the way for sales: Advertising, publicity, promotional materials and personal selling. Let’s take a look at their relative strengths and weaknesses.

- **Credibility:** Of the four, the credibility of publicity is much higher than the others. Consumers have been jaded by the blizzard of advertising messages assaulting them every day and are smart enough to be skeptical. The same is true with promotional materials. But publicity (assuming it is positive!) carries with it a gold standard: Endorsement by a third party, whether in print or electronically (radio, television, online). Personal selling has a moderate degree of credibility, but is still crippled because listeners are aware of your bias.

- **Cost:** The expense per person receiving your sales message varies considerably depending on the technique you choose. Personal selling—on balance, the most powerful marketing strategy because it enables you to have a conversation with your prospect—has a very high per person cost. Advertising and sales promotion have lower but still substantial costs, and publicity is by far the least expensive.

*Jerr Boschee’s column on entrepreneurial marketing is a regular monthly feature of the Social Enterprise Reporter.*

- **Targeting:** However, if your marketing goal is to reach a clearly defined audience, then publicity becomes less valuable: You have little or no control over where and when it appears or who sees it. Advertising is more effective because you can pick the vehicle your research tells you has the best chance of reaching your target (a trade publication, a professional journal, a local radio station). Sales promotion is an even better choice, because you can distribute your materials by direct mail to a specific audience or through kiosks at trade shows and conferences.

And of course, personal selling is the most valuable targeting tool, because you can be very selective about how you spend your time and with whom.

- **Complexity:** When you need to deliver a complicated message, the only truly effective way to do so is through personal selling—because it is the only method in which the prospective buyer has an immediate chance to ask follow-up questions. The content of promotional materials and advertisements can be sculpted to anticipate as many questions as possible, but there will always be some that cannot be foreseen—and publicity is even less effective, because you have very little control over what the writer or broadcaster chooses to include.

- **Timing:** Publicity is the most powerful way to create a brand; and advertising is the most effective way to maintain it. When you are introducing a new product or service, you need to get people talking, to create buzz. Publicity can do that much more effectively than advertising or sales promotion, and personal selling takes too long.

The trade-offs among the four techniques are evident:

- Personal selling is usually more expensive than any of the other three, but is ultimately more powerful
- Publicity is the least expensive and the most credible—but it’s difficult to control the message
- Advertising allows you to target and control your message, but has much less credibility than publicity or personal selling—and costs more than promotional materials or publicity
- Promotional materials enable you to tell your story in greater detail than advertising but are less credible than publicity and personal selling

Ultimately, the market will tell you what to do. Your job is to listen and respond accordingly. ■



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](mailto:jerr@orbis.net).

## government

### President Bush Highlights Faith-Based Social Entrepreneurship

On March 1, President Bush addressed the White House Office of Faith-Based and Community Initiatives (OFBCI) Leadership Conference and announced the results of a 2004 report on competitive grant awards to faith-based organizations in a select group of programs at the Departments of Housing and Urban Development, Health and Human Services, Education, Justice and Labor. President Bush had this to say about the role of government and social entrepreneurship:

“You know, one of the tests of character for America is how we treat the weakest of our citizens. What are we doing in government to help people who need help? Part of the test of government is to understand the limitations of government. Government has got to find ways to empower those whose mission is based upon love in order to help those who need love find love in society. That's really what we're here to talk about....

“I also asked OFBCI Director Jim Towey, are we encouraging social entrepreneurship in America? That's one of my favorite words, think about it: social entrepreneurship. Oftentimes, you think about entrepreneurship, you think about starting a business or balance sheets or income statements. There's a different kind of income statement in life, and that's the income statement of the heart, the balance sheet of the heart. And so I like to talk about social entrepreneurship, those courageous souls who are

willing to take a stand in some of the toughest neighborhoods in America to save lives.

“And so I asked: How many programs like Linda's [Freeman, Pastor of the Miami, FL-based Trinity Church whose Peacemaker Family Center received a \$50,000 seed grant from the Compassion Capital Fund Mini-Grant] program did we help...over the last two years? And it's 600 programs. So we're beginning to fuel social entrepreneurship.”

The President also outlined four steps that the OFBCI intends to take over the next four years to achieve their goal of helping the poor and the needy. These steps include:

- expanding individual choice in programs beyond alcohol and drug rehabilitation programs
  - making sure state and local agencies do not discriminate against faith-based and community-based programs when they hand out federal dollars.
  - asking Congress to pass charitable choice legislation that guarantees in law that faith-based organizations are treated equally when they compete for federal dollars, and to protect their religious independence in hiring workers.
  - ridding the federal tax code of provisions that can discourage charitable giving, including a 2006 budget proposal that will allow all retirees to make contributions to charities from their IRAs tax-free, and a provision that would allow greater deductibility for food donations. ■
- ➔ [www.whitehouse.gov/news/releases/2005/03/20050301-4.html](http://www.whitehouse.gov/news/releases/2005/03/20050301-4.html)
- ➔ [www.whitehouse.gov/government/fbci/](http://www.whitehouse.gov/government/fbci/)

## accelerators

### Social Fusion

**Social Fusion**, a social purpose business incubator launched in 2002 as part of the San Francisco, CA-based **Women's Technology Cluster**, itself an incubator, announced its independence as a separate 501c3 at the March 1 Social Venture Institute in SF. Executive Director, and SER Editorial Advisor, Amber Nystrom announced Social Fusion's unveiling at a gala celebration that included Social Fusion funders, incubatees, David Bornstein, and Global Music videos from SF-based LinkTV. Social Fusion is sponsoring a series of luncheon meetings on best practices (see Events listing) and is looking for mentors, coaches, and investors for its Entrepreneurs Seed Fund.

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

### Seedco Documents Lessons Learned from Nonprofit Venture Network

**Seedco**, a NY-based national community development intermediary, has published two reports—*Profiting from Purpose*, and *The Double Bottom Line*, profiling eight organizations that have been part of its Nonprofit Venture from 2001 - 2004. The Network provides grants and technical assistance to organizations preparing to launch business ventures. ■

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

# The Income Diversification Journey (4)

by Warren Tranquada

**T**his regular SER column features nonprofit organizations engaged in an ongoing process of diversifying their revenue streams through the development of earned income activities. This is the last in a series of four articles about Grantmakers for Effective Organizations (GEO) a nonprofit membership community dedicated to maximizing philanthropy's impact by advancing the effectiveness of grantmakers and their grantees. GEO was founded in 1997.

Previous articles [SER November 2004, January and February 2005] described how GEO decided to focus on bringing forward five earned revenue initiatives for assessment.

## Business Planning and Concept Development

After preliminary assessment with of a scorecard, concept papers and detailed discussions, GEO staff decided to focus on a short list of earned income opportunities:

- To write a business plan around the enhancement of its membership program, as the primary focus of its earned income strategy
- To develop marketing plans to enhance its two major conferences, and
- To further explore two new product ideas in a feasibility assessment.

One staff member was assigned

to champion each initiative, working with the support of a consultant. Each champion was provided a template to complete their plan, including questions to ask, information to validate, and a systematic approach to lay out the strategy.

## Developing the 'Membership Business Plan'

Given the importance of the membership business plan, the entire staff had a planning session to develop the framework of the approach that the champion would be developing. The planning session was an opportunity to look at membership from the eyes of the "customer" (the member).

A key questions that the team sought to define was the unique membership needs of different segments of members. The team reviewed past member research and feedback, and developed a hypothesis that at least two types of members are attracted to GEO, and they are looking for somewhat different things out of their membership: those who view membership as a "transaction" (and thus expect benefits to their own organization); and those who view membership dues as a contribution to the field (and thus expect benefits for the field at large).

While these member segments were behavior based, in general their sentiments seemed to correlate with grantmaker size. GEO's dues are set on a sliding scale based on grantmaker asset size, which reinforced this member perspective.

From this base, GEO staff began to evaluate how their member services and products aligned with these segments, and how their mem-

ber recruitment and retention strategies should be developed. For example, membership promotional materials now explain both individual benefits (the transaction), and the broader benefits of contributing to a community of practice.

At the end of the planning session, the champion had a framework for moving forward, a list of potential strategies to be evaluated, and a set of questions that required more research to validate the assumptions made in the planning session. From this base, a business plan was developed to outline a membership strategy.

## Articulating Values

"At the end of the process, we did not make any radical changes to our membership structure or service offerings", notes GEO Program Manager Lori Bartczak. "The planning process really helped us better articulate the value of membership, prioritize membership recruitment and retention in our workplan, and clarify the framework required for us to succeed."

Shorter marketing plans were also developed for GEO's conferences. Feasibility assessments on two new potential products led to a decision not to proceed at this time. The feasibility studies helped clarify that GEO's resources were best allocated toward enhancing conferences and membership, rather than pursuing new lines of earned revenue.

A final outcome of the earned revenue project was an assessment tool that GEO developed, which could be applied to all GEO initiatives, as part of the annual budget and work planning process.

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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](http://www.pepintranquada.com)

## JudyLynn Archer: Transforming Women's Lives

(Continued from page 3)

clients? It's really important for us to set a strong example and try to do the best we can to support ourselves. And I think that social enterprise is one way we can do that.

### Q: How does The Fixit Chicks work with women?

A: We help women gain confidence and learn how to use tools so they can be more independent, whether they're rich or poor. The target audience is women who have money to spend for these workshops.

There are many benefits in addition to money that come from The Fixit Chicks. The Fixit Chicks workshop instructors are tradeswomen who know what these women are facing, and they come in and talk to the class and encourage them. They say, "It is tough out there, but you can do it. I did it; so can you. Just keep at it, and when it gets really hard, just give me a call." They have become mentors. The behind-the-scenes, in-kind support that we have received because of The Fixit Chicks is priceless.

I've also found that when The Fixit Chicks participants learn what Women Building Futures is doing to help women get out of poverty, they often want to make a donation. They want to get involved; they want to volunteer. Women have said, "I know I'm going to pay for this workshop, but what else can I do?" A lot of the women in here have said, "Please call me, I want to get involved."

### Q: How does Women Building Futures affect participants' lives?

A: When these women come to us, that spark within each of us that allows us to move forward in life has become this small glow: still there, but damped down. By the end of the program, that flame has been re-ignited in them. They are engaged in their lives and in the lives of their children. Once these women become more assured and confident, they begin to see the opportunities before them, and they rise to that challenge. They're on fire: You can't hold them back.

### Q: What makes Women Building Futures successful?

A: I think that our success is a combination of our collective commitment to helping women get out of poverty, our business acumen, strategic positioning, recruiting and retaining top talent, a fabulously supportive Board of Directors, relationship management; and a hell of a lot of sweat equity. Women Building Futures is, hands-down, the most exciting and rewarding organization I've ever known. We kick butt, and we're proud of it.

### Q: What motivates you, personally, to do this work? What keeps you going?

A: I grew up on welfare. I can see a little bit of myself in the women who come through our doors. It's not fun being where they are, and worse, when you're there, you can't see a way out. I believe that the welfare system perpetuates poverty, which perpetuates despair and hopelessness—perhaps not intentionally—but it does. It is very hard to get out of that hole, once you're in it.

So what motivates me? Having the opportunity to put my skills to work to help other women regain their spark. Somebody helped me do

this, a long time ago. And now I have the chance to pay that forward. That's what gets me out of bed each day with a spring in my step and a glow in my heart.

### Q: Are there any personal lessons that you would be willing to share with readers?

A: I think it is incredibly important to follow your heart. I'm passionate about anything that runs on diesel. I'm passionate about helping women. I'm passionate about business, especially when there is a social purpose driving it. I think you need to understand your weaknesses and surround yourself with as many bright and talented people as you can. I also believe very strongly that if you want to do something, don't wait around for someone to make it happen. Go after it with all your heart! I live by that old phrase 'when the going gets tough, the tough get going'. We're only here for such a short time... Make it count! ■

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

➔ [www.fixitchicks.ca](http://www.fixitchicks.ca)

## Income Diversification Journey

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"Participating in this process helped us realize that earned revenue is only one part of the equation as we determine priorities," explains GEO Executive Director Kathleen Enright. "Recognizing this, we created a comprehensive screening tool that enables us to evaluate each activity, based on fit with our strategy; evidence of need; impact on financial sustainability; and appropriateness for GEO. We took everything we do through this process, and came out with a work plan that balances mission and money." ■

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

## MEMBER PROFILE

### A Business That Impacts Emotional Well-Being

#### Notre Dame of St. Agatha

by Tom White

**S**onia Pouyat is Chief Executive Officer of **Notre Dame of St. Agatha (NDSA)**, a dynamic child and family service corporation based in Southern Ontario, Canada. Founded as an orphanage in 1858, today NDSA is a business comprised of **kidsLINK**, which provides mental health services for children and families; the **Notre Dame Child and Family Journal**, and **Discovery Learning Solutions**, a distributor of innovative learning and assessment tools. Ms. Pouyat has promoted social entrepreneurship in Canada since 1990, and has served on the Board and executive committee of the **Social Enterprise Alliance** since its inception. She has worked with NDSA since 1994.

**Q: Tell me about Notre Dame of St. Agatha's approach to earned income.**

**A:** Earned income, within the model of social entrepreneurship, is a strategy for greater organizational strength and sustainability. The way I approach social entrepreneurship is to review what our organization is doing, the capacity we have, what we are good at, what our brand is like—and leverage more out of what we've got.

I believe that it takes a really strong organization to make the shift to social entrepreneurship—it's really hard work, and I don't think it's for everybody. I wanted to be sure that NDSA was strong enough and had the foundation to actually do this. I spent a lot of time focusing internally in the first couple of years. I had to learn about the organization and deal with skeletons in the closet, heal old wounds, and look at management models, competence, accountability, standards and results.

I believe that if we have a product that we're going to take to a competitive marketplace, we had better be number one or number two at it. I didn't want to be undertak-

ing paradigm shifts and social enterprise unless our core business was in order. At NDSA, we work with really high-risk kids, and horrible things could happen here if we didn't have standards in place.



Sonia Pouyat is Chief Executive Officer of Notre Dame of St. Agatha (NDSA)

**Q: The history of NDSA is rooted in the principles of charity of the Catholic Church. How does this impact your work and the shift to social enterprise?**

**A:** We consider the School Sisters of Notre Dame our “moral ownership.” The Sisters are an amazing, incredible group of women—they are forward thinking, bright and competent. We have a very strong governance model, and a Sister always sits on the NDSA Board.

Our organization doesn't feel ‘faith based’—it feels ‘value based.’ The value that is formally articulated around here is love. It might sound hokey, but we think that love is the ingredient that helps our kids to make the shift to health—that professionalism and skill are not enough.

**Q: What was your Board's position on Social Enterprise?**

**A:** I started in this position with a mandate from the Board who said “We want to have alternative sources of revenue, we want to look at doing more earned income. Go ahead and shift the organization in this direction.”

Bear in mind that the culture I inherited was one where everything was 100% government funded, with surpluses all the time. So people didn't understand why we needed to consider social enterprise. But our Board was prescient and forward thinking, and anticipating future needs.

**Q: How did you introduce Social Enterprise to your staff?**

**A:** Nobody in our community knew about social

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## Playing To Win

by Steven M. Bengis, EdD, LCSW

Book Review:

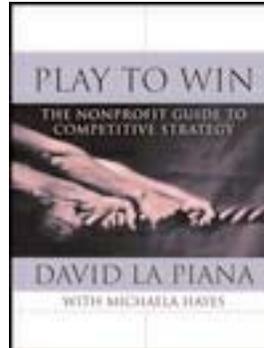
**Play to Win: The Nonprofit Guide to Competitive Strategy**

by David La Piana  
(with Michaela Hayes)

Hardcover  
240 pages  
November 2004, Jossey-Bass  
\$32

“Understand that competition is a fact of life. At some level your organization is competing with other organizations whether you want it to or not.” (*Kearns, 2000, pg. 30*)

While this quote might lead the reader to think that *Play To Win* is an Ayn Rand missive—it is not.



To the competition-resistant non-profit executive or board member, it offers the reframing that allows him/her to embrace competitive realities. To the student and or younger administrator, it sets out a solid paradigm for viewing/entering the non-profit world. For the seasoned executive, it provides interesting and challenging new ideas.

Instead, it is a carefully crafted argument for a mission-driven, ethical balance between collaboration, cooperation and competition. As LaPiana states:

Competition is a critical dynamic in your non-profit's strategic life. It brings the possibility of helping your organization to stand out from the crowd, and it can lead to better organizational efforts and better outcomes for customers. But just as collaboration is not a one-size-fits all solution to your problems, neither is competition a panacea. A range of options on both sides of the spectrum of collaborative and competitive relationships is necessary for success. (*pg. 47*).

After years of consulting to non-profits, the author takes aim at non-profit leaders who unwilling to openly acknowledge and embrace competitive realities within the non-profit sector. These realities include a changing marketplace with dramatic increases in the number of non-profits; the demands of third-party payers; reductions in federal and state funding; and increased competition for grants, fiscal support, Board and volunteer resources.

As LaPiana explains, competition need be neither “cut-throat” nor solely “bottom-line” driven. Rather, it may help generate the highest quality of service; eliminate “lowest common denominator” collaborations; and/or ensure the viability of the most productive, cutting-edge and viable agencies and services.

This well-reasoned book is immensely practical, as well. It provides the reader with worksheets to assess direct and indirect competition, and market position; to compare the advantages and disadvantages of competitors, human resources and media/public relations; to develop appropriate response strategies; and assess and to diversify funding streams.

This book is important for a range of non-profit pro-

In *Play to Win*, David LaPiana brings competition “out of the closet” (one chapter heading) for non-profits, and he challenges the non-profit community to integrate competitive approaches into comprehensive strategic thinking. This book is thoughtfully argued and well written. It is worth adding to your course syllabus or professional bookshelf. ■

➔ [www.wiley.com/WileyCDA/WileyTitle/productCd-0787968137.html](http://www.wiley.com/WileyCDA/WileyTitle/productCd-0787968137.html)

Steve Bengis is the Executive Director of the New England Adolescent Research Institute, based in Holyoke, MA. Steve was the subject of an SER Entrepreneurship in Action profile in *SER* February 2005.

## competitions and awards

**Global Social Venture Competition Final Presentations and Awards**  
April 15, 2005, Berkeley Art Museum, Berkeley, CA

The Global Social Venture Competition began in 1999 as a student-led initiative at the UC Berkeley Haas School of Business. The Columbia Business School, The Goldman Sachs Foundation and the London Business School have partnered with Haas to extend the reach of the competition and help grow a national platform for social ventures.

Each year, entrant teams from around the world compete for over \$45,000 in cash and travel prizes. This year, the Grand Prize of \$25,000 will be awarded to the plan that achieves the best blended value (high economic and social returns). ➔ [www.socialvc.net/](http://www.socialvc.net/)

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## Housing Nonprofits Together

(continued from page 1)

### Why the MTNC Structure?

The trend towards Multi-tenant nonprofit centers is primarily spurred by economics. Most nonprofits do not own their office spaces, and are therefore subject to the ups and downs of the real estate market.

“An important goal for most Multi-tenant nonprofit centers is to achieve self-sufficiency from rents,” says China Brotsky, Director of the San Francisco-based **NonprofitCenters Network**. The Network assists nonprofits taking on the challenges of acquiring buildings or acting as landlords in master lease arrangements. It also hosts Collaborating for Success conferences, where nonprofits, foundations, realtors and developers can learn and share experiences about operating MTNCs. [➔ See box on page 12.]

Brotsky notes that the most common MTNC structures include either: 1) An anchor tenant that owns or leases a space and subleases to others; 2) a for-profit or nonprofit that owns and operates a building and leases space to nonprofits (some of these groups sell equity shares to tenants or to related nonprofits); or 3) a tenant cooperative that is governed through a separate nonprofit entity.

### Meeting the Needs of Tenants and the Community

“It’s a challenge to structure a space to meet the needs of tenants and provide a revenue generator,” says Shelley Hamilton, Executive Director of **MarinSpace**, a nonprofit that provides affordable workspaces for local nonprofit organizations in properties it owns and manages in Marin County, California.

“Multi-tenant nonprofit centers

“The idea wasn't that the meeting space would and generate huge amounts of income. The idea was that the building would sustain itself, and so far it has.”

— Mark Rossier, Director of Development and Marketing, Spaces at 520

are often hamstrung in their ability to raise income by renting meeting space and other innovative uses of their facilities, if they don’t have an administrative staff,” says Hamilton. **MarinSpace** assists tenants through forums, collective purchasing programs, and facility improvements that support tenant interaction.

Renting space to for-profit enterprises can raise tax issues, warns Conrad Breece, a San Francisco real estate attorney who sits on the boards of two nonprofits. “The portion of the building occupied by a tenant that is not a nonprofit is not exempt from property tax. And any unrelated business income is subject to income taxes.”

**MarinSpace** found that taxes were owed on a space rented to a for-profit nursery school that remained in a building that was developed for multi-tenant nonprofit use. At the request of neighbors, when a former elementary school in San Rafael, **Skyview Terrace**, was converted into a multi-tenant center with funding from the **Marin Community Foundation**, the nursery school was left in place. The rental income helped offset debt ser-

vice for purchasing the building; but because it derives income from that for-profit entity, **Skyview** is liable for property taxes on the portion of the building that houses the nursery school, and pays tax on the income that tenant generates.

### Green Building Practices

San Francisco’s **Global Citizen Center** plans to purchase a downtown building that will house nonprofit environment groups and use green building practices. The Center will incorporate revenue-generating elements in the project.

The ground floor of the Center will include **GreenMart**, with spaces leased to shop owners selling items consistent with the Center’s mission, says **Global Citizen Center** Director Kevin Danaher. “As part of their lease contracts, offices above the ground floor will promote the ground floor retail. Since these groups do extensive outreach, it costs them nothing extra to say, ‘Come to the **GreenMart**’;



**MarinSpace's MTNC at 70 Skyview Terrace in Terra Linda, CA.**

but that publicity will drive large visitors to the site. If the tenant organizations know that the profits made in the ground-floor retail will be recycled back into the building to keep rents stabilized, then we have created a virtuous circle of self-interest.”

The **Global Citizen Center**’s goal is to demonstrate that living in a “sustainable way” in an office building is

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## Just Enough Planning

### The Quick Business Plan

by Rolfe Larson and Andy Horsnell

There's nothing magical about business planning. At its core, it involves thinking through and documenting who your target customers are, how your proposed venture will profitably address their needs better than the competition, how you will communicate with these customers, and how resources will be obtained to pay for startup costs.

Writing these things down, and asking outsiders to review them, often leads to finding and fixing flaws in your assumptions and logic. The result is that you're better prepared for launching your venture. A written business plan also enables you to engage others who can make vital contributions to the development of the venture – such as business people on your board and entrepreneurs outside of your organization who can challenge your thinking and improve your plan.

The amount of work needed to complete a business plan depends largely on the complexity and level of risk for your venture—with 'risk' defined as the likelihood and consequences of failure. A low-risk venture

may only need a 3-page business plan, while a high-risk venture requires something more rigorous. In general, ventures that fit closely with your mission, core competencies and understanding of the marketplace – ventures, incidentally, that are most likely to succeed—require less planning. Before working on your business plan, you can shed light on your venture's risk and help determine the appropriate level of planning by downloading and completing a Quick Feasibility Test (➔ [February 2005 SER: Testing the Waters p11](#)).

### The Quick Business Plan

For the majority of ventures that present relatively low risks—say, for example, developing a product that you already have expertise with, and selling it to current customers or those who are similar to them—the *Quick Business Plan* can be an efficient and effective way to move forward. It is a simple tool to capture the answers to the key questions that any business plan should have, presented in an accessible, 3-page format.

Among the advantages of a *Quick*

Want to do a Quick Business Plan?

Download our free planning tool from  
➔ [www.sereporter.com/Resources/QuickBP.doc](http://www.sereporter.com/Resources/QuickBP.doc)

*Business Plan*: it can be completed relatively quickly, and it tends to get used, rather than sitting on a shelf somewhere. An alarming number of full-length business plans never get implemented.

If the necessary feasibility testing has been done and it is determined that a *Quick Business Plan* is appropriate, it can be completed by the entrepreneur in a few days. This is contrasted with the risky alternatives of “winging it” with no business plan; or getting bogged down with a 50-page behemoth that can suck the life out of your entrepreneurial efforts before a single sale takes place. What the *Quick Business Plan* provides is *just enough* planning to allow you to move forward with confidence into the startup or growth of the venture, which is why we're doing all this work in the first place, right?

The next step—implementation, will be the topic of our next article. ■

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

➔ [www.RolfeLarson.com](http://www.RolfeLarson.com), a marketing, finance and venture consulting firm that specializes in helping nonprofits develop successful earned income strategies. Rolfe Larson is the author of *Venture Forth! The Essential Guide to Starting A Moneymaking Business in Your Nonprofit Organization*, published by the Amherst H. Wilder Foundation. ➔ [www.wilderpubs.org](http://www.wilderpubs.org) Andy and Rolfe co-moderate the npEnterprise Forum ➔ [www.npEnterprise.net](http://www.npEnterprise.net), the premier listserv about social enterprise, and the official listserv of the Social Enterprise Alliance ➔ [www.se-alliance.org](http://www.se-alliance.org).

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### Download the Quick Business Plan

Want to do a Quick Business Plan? Download our free Quick Business Plan Questionnaire from:

➔ [www.sereporter.com/Resources/QuickBP.doc](http://www.sereporter.com/Resources/QuickBP.doc)

## Housing Nonprofits Together

(continued from page 10)

possible. Tenants will have on-site water treatment, will use as little electricity and water as possible, and they will buy office supplies together. To generate additional income to subsidize rents, the building will rent special event and meeting spaces to outside organizations.

Global Citizen Center plans to buy its building with investors, but will keep a 50% share for itself to capture equity. "Our business model requires a large building and the financing is tricky. We have to look at debt load seriously," Danaher says. That is one of the reasons that income-producing features are important to the plan "You can do all sorts of things if you are generating cash flow. Revenue generation is a way of getting away from being seen as a traditional charity."

## How Foundations Reap the Benefits of MTNCs

In 1993, Detroit's **Luella Hannan Memorial Foundation**, an operating foundation with a \$23 million endowment serving older adults, had a white elephant on its hands. Its 80-year old building had little market value, and had outlived its use as a home for the elderly. The Hannan Foundation discovered that for \$500,000 it could convert its 50,000-square foot building into offices that it could rent to nonprofits.

Today called "**Hannan House**," the building houses the Hannan Foundation and six nonprofits, all of which serve the elderly. "The big attraction for nonprofits is our central location and visibility," Foundation Executive Director Tim Wintermute explains. "We provide an all-in-one package; they just pay for the tele-

phone. The leases are for market value, and then the groups apply [to Hannan] for grants to reduce their rents. Basically it's a write-off, and we subsidize what they would normally pay for rent. As an operating foundation, running the building and providing services to these organizations is what qualifies us to meet the IRS payout rule; those qualify as direct expenditures, and what we subsidize is an expense and not a formal grant."

In exchange for the rent subsidies, the tenants agree to work with other tenants on joint programs that are consistent with the Hannan Foundation's mission. For example, one tenant, **Operation Able**, trains older workers; and as part of its agreement with the Hannan Foundation, it also conducts computer training for fellow tenants.

Hannan House rental income does not cover the cost of operating the building, says Wintermute, but that is intentional. "The building is a mission of the Hannan Foundation, and we didn't do this for financial reasons. We are going to do more to get income from the meeting space here—particularly during times when we don't use the building. The more income we bring in, the more we have for programs."

"The value of MTNCs goes beyond the benefits for the tenants and owners," says Claudia Viek, a San Francisco, California-based consultant who helps nonprofits build equity in low-income communities through entrepreneurial real estate strategies. "These centers become landmarks, creating a positive focus for the neighborhood!" The Detroit neighborhood around the Hannan Memorial Foundation building has revived and the building today has jumped in value—its current estimated worth is \$6 million. ■

- ➔ [www.offbroadwayonline.com/aboutartny.php](http://www.offbroadwayonline.com/aboutartny.php)
- ➔ [www.offbroadwayonline.com/SpacesForRent.php](http://www.offbroadwayonline.com/SpacesForRent.php)
- ➔ [www.nonprofitcenters.org](http://www.nonprofitcenters.org)
- ➔ [www.globalcitizencenter.org](http://www.globalcitizencenter.org)
- ➔ [www.hannan.org](http://www.hannan.org)
- ➔ [www.marinspace.org/](http://www.marinspace.org/)

*Are you currently operating a MTNC? Share your success—or failures—with colleagues around the world.*

*Please let us know more about your experiences.  
[Editor@sereporter.com](mailto:Editor@sereporter.com)*

**2005 National Conference:  
Collaborating for Success  
Creating and Operating  
Multi-tenant Nonprofit Centers  
May 12-13, 2005  
Fort Mason Center, San Francisco, CA  
Sponsored by:  
NonprofitCenters Network**

- ➔ [www.nonprofitcenters.org/events/2005/2005\\_conference\\_agenda.html](http://www.nonprofitcenters.org/events/2005/2005_conference_agenda.html)

## SEA Member Profile: Sonia Pouyat

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enterprise when we started doing this. So our staff had to learn by doing. We decided to start a venture that would become a training ground, recognizing that it might not succeed.

We first initiated an idea that came from our clients and staff: To start a center for parents on a fee-for-service basis. Frankly, it didn't work, because we couldn't generate enough business to sustain it; so we shut it down. We engaged people in the process of the change to social entrepreneurship, and the valuable outcome was that people got important experience and training.

Our Board was willing to invest in something risky, and consider it as a training ground if it was not successful. But we needed to have a success story for staff to recognize the value of social entrepreneurship, and I decided that the staff needed to reap the first benefits of the success directly.

Our second venture was a fee-for-service residential treatment program. When that program started to generate funds, the proceeds went directly to the first salary increases for our staff in over 8 years. Within one year we were generating over \$1 million in sustainable revenue, and we significantly increased service to a very severely challenged group of children.

### Q: What are some of your recent enterprise initiatives?

A: Recently we established a learning business, **Discovery Learning Solutions**, to distribute innovative learning and assessment tools that help students succeed in

school. It is in the very early start-up phase, and we hope it will become a separate, profitable social enterprise.

The School Sisters of Notre Dame established the first school in this community and we've always operated a special education school here, and we work very closely with community schools – so we have a strong history of education. That was a core competence that we had that we could build upon.

### Q: What challenges have you faced in launching your social enterprises?

A: Publicly funded health and education both are considered holy grails in Ontario, and people don't expect to pay for those services. So we must have a very carefully defined market when we're offering these products.

The biggest challenge that we and other enterprising nonprofits face is access to capital. There are no financial instruments designed specifically for what we're trying to do and there is no infrastructure support in Canada comparable to what has emerged in the U.S. (such as incubators, accelerators, business plan competitions, venture philanthropists, etc.). So far, we've self-financed all our start-ups; for our newest venture, we have had a challenge securing sufficient seed capital, and we're already refining our business plan.

### Q: How has social enterprise impacted NDSA?

A: In planning for social entrepreneurship, you can do all the leg work, get your organization in good order, and realize benefits to your mission, without actually having to run a social enterprise, in my opinion.

The positioning, the marketing, the paying attention to 'brand,' and applying a deeper level of business

principles than before, have brought returns to our organization in several ways. Our reputation has grown, and we are seen and respected as innovative and a center of knowledge, which has brought new resources and opportunities to us. We have also significantly increased and diversified our funding base, and increased our mission impact—which is our main goal and the reason we are going down this road of social enterprise. ■

➔ [www.ndsa.on.ca/3cent.htm](http://www.ndsa.on.ca/3cent.htm)

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

Tom White is publisher and editor of the *Social Enterprise Reporter*.

## news: competitions and awards (continued from page 9)

### Nonprofit Business Plan Competition Finalists Selected to Final Round to Compete for \$500,000 in Prize Money and Business Planning Assistance

**New Haven, Conn.**, The Yale School of Management - The Goldman Sachs Foundation Partnership on Nonprofit Ventures announced its selection of 20 nonprofit organizations to proceed to the final round of the Third National Business Plan Competition for Nonprofit Organizations. The 20 finalists are in the planning stage, or early stages of operating income generating business ventures. ■

For a full report on the finalists' business ventures and Competition entrants, visit: ➔ [www.ventures.yale.edu/statusreport\\_third\\_competition.asp](http://www.ventures.yale.edu/statusreport_third_competition.asp)

To register to attend the presentations, visit: ➔ [www.ventures.yale.edu/aboutconference.asp](http://www.ventures.yale.edu/aboutconference.asp)

**See page 14 for event details.**

## **The Grantsmanship Center**

### **New Business Ventures for Nonprofits Workshop**

**March 21–23: San Francisco, CA; May 2005 2–4: Pearl City, HI; May 16–18: Cortland, NY**

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

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

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## **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](http://www.sbs.ox.ac.uk/html/faculty_skoll_world_forum_2005.asp)

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## **Earned Income: Assessing Your Nonprofit's Revenue Options**

**Foundation Center Locations, including April 27, 2005: Washington, DC; May 6, 2005: San Francisco, CA; June 3, 2005: Atlanta, GA; June 15, 2005: New York, NY; June 22, 2005: Cleveland, OH; June 24, 2005: Washington, DC**

Course developed by SER Editorial Advisors, Cynthia Massarsky and Samantha Beinhacker, co-directors of the National Business Plan Competition for Nonprofit Organizations, a program of the Yale School of Management—The Goldman Sachs Foundation Partnership on Nonprofit Ventures.

➔ [http://fdncenter.org/marketplace/catalog/subcategory\\_training.jhtml?id=cat250001](http://fdncenter.org/marketplace/catalog/subcategory_training.jhtml?id=cat250001)

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## **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 profile in SER101) to host the 6th Annual Gathering of the SEA.

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

Social Enterprise Alliance ➔ [www.se-alliance.org](http://www.se-alliance.org) is a membership organization, mobilizing nonprofit organizations and funders to advance earned-income strategies.

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## **Social Fusion Conversations in Social Enterprise: Best Practices Lunch Series 2005**

**San Francisco, CA starting 4/29**

➔ [http://socialfusion.org/se\\_pr\\_speakers\\_series.html](http://socialfusion.org/se_pr_speakers_series.html)

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## **2005 National Conference on CED and the Social Economy Building an Inclusive Movement with a diversity of people, communities and approaches**

**May 4-7, Sault Ste. Marie, Ontario**

➔ [www.ccednet-rcdec.ca/en/pages/conference.asp#2005NationalCEDConference](http://www.ccednet-rcdec.ca/en/pages/conference.asp#2005NationalCEDConference)

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## **6th International Workshop in Resource Mobilisation May 6–8 2005**

**Menam Riverside Hotel, Bangkok**

➔ [www.resource-alliance.org/subsection.php?sectionid=5&subsectionid=88](http://www.resource-alliance.org/subsection.php?sectionid=5&subsectionid=88)

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## **2005 National Conference: Collaborating for Success Creating and Operating Multi-tenant Nonprofit Centers**

**May 12-13, 2005**

**Fort Mason Center, San Francisco, CA**

➔ [www.nonprofitcenters.org/events/2005/2005\\_conference.html](http://www.nonprofitcenters.org/events/2005/2005_conference.html)

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## **Third National NonProfit Business Plan Competition for Nonprofit Organizations**

### **Annual Conference and Awards Ceremony**

**June 9–10, 2005**

**Hyatt on the Hudson Jersey City, New Jersey**

Master classes and workshop sessions will run throughout the Conference to help advance your understanding of business enterprise, led by experts in the field of nonprofit entrepreneurship and business management. ➔ <http://ventures.yale.edu/aboutconference.asp>

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## **3rd Annual Cause Marketing Forum**

**June 16, 2005**

**Crowne Plaza Times Square, New York**

➔ <http://causemarketingforum.com/conference.asp>

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