

# Social Enterprise Reporter

Innovative Business Solutions for Nonprofit Entrepreneurs

## Campus-Community Catalysts Part Three: Meeting of Town & Gown

by Roger Hahn

As the social enterprise movement continues to mature and expand, campus-based university and college programs have begun to play an increasingly significant role in the development and support of social enterprise efforts.

The two previous installments in this series have focused on the large number of prominent research universities that have inaugurated courses and even competitions designed to promote social enterprise. On the other hand, students and

**“The mission that ties all our efforts together is helping to build social capital in the region. There isn’t much of an ‘ivory tower’ component to our activities. The college sees us as intrinsic to its community-service mission, and we view ourselves very much as an essential part of the larger community.”**

— Amy Casavina Hall, Institute for Nonprofit Development

### INNOVATIVE SOLUTIONS

alumni are also increasingly voicing enthusiastic support for courses in socially responsible business administration and student-based activities on campus.

Now, local funding organizations have begun to develop strategies for promoting social

enterprise innovation that involve a reliance on campus resources for education, training, networking, and consulting.

Varying in size and stage of development, these efforts provide a powerful link in making the campus-centered social enterprise movement a genuine catalyst in support of community-wide efforts to spread social enterprise knowledge, assistance, and even funding to the grassroots level of local service providers.

### A Desire for Community Revival

One of the most recently inaugurated efforts to draw on campus-based resources to promote social enterprise activities is the **Institute for Social Entrepreneurship** at **Mount Wachusett Community College**, located on a cluster of campuses straddling Route 2 in north central Massachusetts.

As local residents have watched the slow disintegration of the industrial base give way to the sprawl of metro-area expansion, a sense of belonging and a desire to promote revival has developed.

That message was delivered emphati-

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## The Language of Social Enterprise

It is always encouraging to see attempts to explain the meanings of social enterprise even though turgid 'definitions' sometimes confuse more than clarify our understanding. The statement by Yma Gordon (Program Officer, **Ms. Foundation for Women**) in the latest issue No. 107 of *Social Enterprise Reporter* provides us with yet another attempt at this challenging task when she states:

"Social enterprise as a tool for achieving mission has come to the fore. It's more than a revenue strategy. People are beginning to look at it as a tool of economic empowerment for the communities they serve. It's not just another fund-raising tool—it is a mission fulfillment tool."

I have used the word "attempts" above because there are competing meanings of the term social enterprise as *SER* Editor Tom White observes in the same issue. I have reservations however about two issues when we define social enterprise as reflected in Ms. Gordon's statements. The first issue deals with the consistent appeal to either-or statements, and the assumed or explicit dualisms we use in our language; the second issue relates to the use of the word "tool".

Ms. Gordon uses the words 'mission', and 'empowerment of communities' both of which emphasise the idea of the social impact of a social enterprise. Her use of the words 'revenue strategy', 'economic empowerment', and 'fund-raising', reflect the idea of earned income. These two concepts are used in an ongoing debate in the US where one group of social entrepreneurs focus on "social impact and innovation" (Greg Dees and others) as the central and defining concept(s) in any description of social enterprise. Other social entrepreneurs however (Jim McClurg, Jerr Boschee and the SE Alliance) build their arguments about the nature of social enterprise on the idea of "earned income". While each group of advocates may assume that one subsumes the other or is at least present this is not immediately evident. The result is that many readers may conclude there is a dualism between the ideas of earned income and social impact/innovation and between their analogues culture/social/mission and economy/business/market.

### Culture-Economy Tension

The tension between culture-economy is the critical question in exploring meanings of social enterprise. When we foreground either term we tend to create dualisms that have the potential for misunderstanding the meanings of social enterprise. In a more practical sense, for example, when we make a business decision about our social enterprise it must also be tempered by a pervading literacy of mission or culture and a sense of social impact. In this way one may avoid representing the two concepts as separate; denying the complex interplay between culture and economy represented in our language by mission and earned income; and creating dualisms in their meanings and outcomes.

This creation of dualisms tends to technologise the complex relationships within the idea of social impact-earned income. The tension and complex relationships between the

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## news: awards and fellowships

### **Global Search for Innovative Market-Based Strategies that Benefit the Two-Thirds of the World's Population Living in Poverty**

Starting August 2, 2005, **Ashoka/Changemakers** will host an “open source” competition for business and citizen sector organizations.

Because low-income citizens around the world are not typically deemed valuable customers or partners, many products and services that could improve their lives are not available to them. An increasing number of citizen sector organizations and businesses are challenging this conventional wisdom. They are developing innovative approaches that combine profit potential and positive social impact.

Ashoka's Full Economic Citizenship™ initiative and Changemakers are launching a global search for innovative market-based strategies from both businesses and citizen sector organizations that improve the lives of low-income individuals around the world.

The Innovation Awards series is based on a unique “open source” format where participants compete by entering the best solutions to pressing social issues while collaborating to advance current solutions and thinking. This new competition will provide the chance for business and social players to exchange promising practices and develop partnerships that leverage the strengths of both sectors to provide sustainable solutions for low-income communities.

Two winners—one from business and one from the citizen sector—will receive the Changemakers Innovation Award for Advancing Full Economic Citizenship and \$5,000. Entries must be submitted online before noon on September, 22th 2005 U.S. Eastern Time. ■

➔ [www.changemakers.net](http://www.changemakers.net)

### **Echoing Green Names 2005 Fellowship Winners 12 New Social Change Entrepreneurs Receive \$1 Million in Seed Funding and Support**

Twelve social change entrepreneurs have accomplished the two most difficult challenges facing any start-up: they received their first seed investments and they gained a partner that will help them build effective organizations to carry out their groundbreaking ideas.

Centro de los Derechos del Migrante  
Transformative Action Institute  
Access Center for Education  
A Model Resettlement Village  
Justice In Exile ■

➔ [echoinggreen.org](http://echoinggreen.org)

#### **Winners include:**

Niagara Community Initiative  
Native American Community Academy  
Deaf Community Health Worker  
Our Education  
Parliamentary Research Service

## news: publications

### Aspen Institute Publishes *Building Wealth: The New Asset-Based Approach to Solving Social and Economic Problems*.

This path-breaking report demonstrates how local community-based models of ownership work in cities and towns across the United States. The past few decades have seen rapid expansion of new forms of local ownership to develop business, create jobs, foster local democratic practices, generate tax bases to support public services, and promote stability and community development. In combination with related wealth-building approaches employed by both foundations and governments, these efforts constitute part of an emerging paradigm of employing assets to address social and economic problems.

The report is authored by **The Democracy Collaborative**. (TDC Founding Principal Gar Alperovitz's new book, *America Beyond Capitalism*, is reviewed in the April issue of SER) [www.aspeninstitute.org](http://www.aspeninstitute.org)

*Building Wealth Report*, Executive Summary available at [sereporter.com/Resources/Garexecsummary.doc](http://sereporter.com/Resources/Garexecsummary.doc)

Read the chapter on social enterprise for free, available from the **Social Enterprise Alliance** homepage. <http://se-alliance.org>

### *Begging for Change* wins National Nonprofit Management Book Award

*Begging for Change: The Dollars and Sense of Making Nonprofits Responsive, Efficient, and Rewarding for All* by Robert Egger, president and founder of the **DC Central Kitchen** in Washington, DC, received the 2004-2005 Terry McAdam Book Award for Outstanding Contribution to the Advancement of Nonprofit Management at the **Alliance for Nonprofit Management/National Council of Nonprofit Associations** Joint Conference this July. *Begging for Change* was reviewed in SER103. ■

[sereporter.com/article.php?a=87](http://sereporter.com/article.php?a=87)

[allianceonline.org/publications/O405\\_mca.page/](http://allianceonline.org/publications/O405_mca.page/)

[dcentralkitchen.org](http://dcentralkitchen.org)

### The Language of Social Enterprise (continued from page 2)

two are treated as little or no more than a technical matter, a kind of recipe to be applied to be followed. When we apply 'mission' to 'business' we technologise both ideas. We treat them as separate entities when their meanings are entwined. One may assert that mission is not just something that one has to have when one does social enterprise business; mission is not just something applied to some thing but it is inextricably linked with business with and through doing social enterprise.

When we engage in business planning the literacy of mission needs to be pervasive in our formulation as to the nature of the business of the social enterprise. One is often tempted to ask of award winning business plans: What is socially entrepreneurial about this plan? And what sets this plan apart from a for-profit

plan? If assertions cannot be provided to these questions the tendency or potential to simply apply business plan 'tools' without consideration of mission seems possible and probable. The mission-driven component of the plan needs to be reflected in the business plan and its representation in language and use of words that define concepts.

'Earned income' is part of the essence of social enterprise. One can assume that advocates who regard the term as central in defining social enterprise also acknowledge that embedded in the use of the term 'earned income' is the idea of 'mission-driven'. But this assumption is not evident to the naïve reader or perhaps the practising social entrepreneur. The inextricable linkages of 'mission-driven' with 'earned income' are rarely observed in the writings of advocates of earned income as the central concept for understanding the meaning(s) of social enterprise. What

is needed is a language that acknowledges that earned income and social goal/mission are immediate, intrinsic to, and occur 'at once' in decision-making and decision-taking in the development of social enterprises.

### Business Tools and Ends

A second potential failure in language in describing the meanings of social enterprise is the use of the word "tool". According to the OED, a tool is a "mechanical instrument working upon something"; it is a "device"; something "used in an occupation or pursuit". Hence a tool is 'separate from' and 'outside' the entity being acted upon. The potential for technologising the meaning of social enterprise is again evident when we speak about 'social enterprise uses business as a tool for social change'.

Business is regarded as a tool or

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# Forging Strategic Partnerships with Nonprofits: Part II

by Jerr Boschee

Last month we looked at four of the most powerful types of strategic partnerships social enterprises can forge with for-profit companies: Operational philanthropy, supplier relationships, distributor relationships, and cause-related marketing.

But many Board members and senior executives are wary of entering into a relationship with a commercial enterprise, especially large corporations: It's like wandering into a foreign landscape. Those folks speak a different language—and they just don't think the way we do!

When it works, though, a partnership with a major corporation can provide significant leverage:

- The social enterprise has deep knowledge of a specific sector and the corporation has marketplace savvy (it knows how to build and grow an organization to scale, how to compete, how to adapt to changing conditions)
- The social enterprise is close to the customer and the corporation has a network of high-capacity contacts
- The social enterprise can build a team internally and the corporation can build a support base externally
- And—if you've chosen the right partner—both of you have a passion for your mission

Here are a few things to think about as you contemplate creating a strategic alliance with a for-profit company, regardless of its size:

- Why are you doing this? To make money? To enhance your image? To further your mission? To

increase employee morale? Any or all of the above? Having clarity of purpose will make your subsequent decisions simpler.

- Is this something you really want to do? Do you have the necessary passion, the full commitment you will need to make it work – or are you seeking a partnership because somebody told you it was the right thing to do?
- How will you measure success? What are your specific goals for the partnership in terms of social impact, financial gains, organizational capacity-building or any other factors? You need

to set realistic expectations—and that also means recognizing all your direct and indirect costs, financial and otherwise.

- How far are you willing to go? How much time are you willing to devote to a partnership? What resources are you willing to provide? What responsibilities are you willing to assume? Are you looking for a short-term or long-term relationship?
- Is the timing right, for both you and your partner? For example, trying to create a major strategic partnership at the same time you are mounting a capital campaign is probably not a good idea.
- Is there a genuine fit? Do you and your partner share the same core values? What are your mutual needs and capabilities? Are there any potential controversies that could scuttle or damage the partnership? Finding the right partner is critical. Does the for-profit company have a logical relationship to your product or cause? Is it credible in its own field? Is it financially and operationally sound? Does it share your target market and geographic focus? Of course, the for-profit company will be asking the same questions about you.

- Will partnering with this particular company jeopardize your other relationships? Will staff members, funders or the people you serve object? Will other stakeholders become restless?

If you're wary about partnerships with for-profit companies, start small, and remember the concept of market pull: Listen first, then decide whether you have something to offer.

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



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).

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## Assessing Debt Capital as a Tool for Business Growth:

### A Case Study of El Paso-based La Mujer Obrera

by Jeannine Jacokes

#### The Organization

For over 23 years, El Paso, Texas-based nonprofit **La Mujer Obrera** (The Woman Worker), and its daughter **El Puente Community Development Corporation**, have worked to transform the conditions of Mexican immigrant women on the U.S.-Mexico border. During its first decade, the organization focused its efforts on improving the situation for the mostly women garment workers in El Paso's sweatshops. As it has grown, La Mujer has continued to broaden its scope and build awareness about the negative economic impact generated by free trade on the Mexican immigrant community. The question that La Mujer has wrestled with:

**In the midst of globalization, how do we, as women who are living the everyday consequences of underdevelopment, defend our rights and build sustainable communities rooted in justice and human dignity?**

Since March 2000, the organization has built five social-purpose businesses. Each venture was started in response to a well-analyzed community need and a well-researched market opportunity. La Mujer and El Puente have used the enterprises as vehicles to achieve their social objectives of promoting women's leadership and capacity development, building respect for the dignity of the Mexican immigrant community and culture, and rebuilding the local economic base.

#### The Problem

The Board of Directors of La Mujer faced a tough decision: The organization had an opportunity to buy the building adjacent to its offices in a low-income El Paso, Texas neighborhood. Although La Mujer had few assets, the demand for its services was skyrocketing. The North

American Free Trade Agreement (NAFTA) was about to be enacted and the organization understood that employers were going to flee across the border to Mexico where the cost of labor was \$1 per hour.

Most severely impacted were Mexican immigrant women workers in their 40s with less than a 6th grade education, who had spent their working lives in the factories. The factory jobs were going to leave with no hope of coming back. Now, more than ever, La Mujer primary constituency was in need of the organization's help.

#### Building a Solution

La Mujer's landlord owned the adjacent property. He was knowledgeable about the organization's financial pinch and sympathetic to its mission. As he was preparing to retire, he wanted to sell some of his assets. He gave La Mujer the chance to buy its current building and the one next door. The landlord requested only a minimal down payment, offered to provide owner financing at market rate, and to sell at a price that reflected only the cost of the land.

Although they had never previously borrowed, La Mujer assessed the opportunity. They knew they could not qualify for a bank loan since they had no credit history and no significant assets to pledge as collateral. The organization also concluded that it would not be able to raise sufficient cash from the philanthropic community in reasonable time to purchase the property.

At the same time, La Mujer knew they needed to rapidly expand local job training resources in order to address the needs of a swiftly growing clientele. The organization determined that the only way they could expand their services was to take the deal. "We were willing to look at financing due to the urgency of the need and because the time line for raising enough grant money was interminable," says Cindy Arnold, Executive Director of El Puente CDC, the entrepreneurial arm of La Mujer.

#### A Viable Solution

At the time, the organization did not realize that this smart business decision would help spring board La

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## The Meeting of Town & Gown

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cally in late 2000 by the formation of the **Community Foundation of North Central Massachusetts**, designed to serve 31 local communities.

An offshoot of the **United Way of North Central Massachusetts**, the Foundation's first grant helped establish the Institute for Nonprofit Development, with host institution Mount Wachusett Community College contributing one-half of total operating expenses.

## A Focus on Building Community

The main thrust of the Institute has been hands-on community building, with approximately 50 local organizations opting for membership and more than 75 organizations provided with management assistance through a program of consultations, workshops, and mini-grants.

In her role as Institute Director, Amy Casavina Hall has helped design a new certificate program on campus for entrepreneurs and has created the curriculum for both a grant-writing course and a course on social entrepreneurship offered to business majors.

This fall, the Institute will also initiate a program of small grants to local organization and individuals to promote social-change efforts.

Also, collaborating with the recently established **Entrepreneurial Resource Center**, the Institute plans to sponsor a campus-based business plan competition, with one category dedicated to social enterprise efforts.

## Targeting Urban Redevelopment

Approaching a somewhat similar task from a slightly different perspective, the **Institute for Social Entrepreneurship at Roberts**



David Dey, Director, Institute for Social Entrepreneurship at Roberts Wesleyan College

**Wesleyan College** in Rochester, NY, targets urban redevelopment and neighborhood-based economic development through the practical application of social enterprise practices and principles.

With funding from the locally based **B. Thomas Golisano Foundation** and support from the campus's business, social work, and education faculties, the Institute is just as interested in exploring the creation of a replicable model for social enterprise applications as in finding immediate avenues to initiate community development.

Under Director David Dey, the Institute has developed a three-pronged strategy that includes a central focus on the campus-based expansion of social enterprise knowl-

edge with ancillary efforts devoted to community-based capacity building and to community-located entrepreneurial ownership.

Together, Dey says, these represent "an integrative strategy for entrepreneurial community development."

In his role as social enterprise advisor, promoter, and consultant, Dey has already achieved a considerable degree of success, having coached the **Rochester Rehabilitation Center** in its application to the first annual National Business Plan Competition sponsored by **Yale School of Management - Goldman Sachs Foundation**.

One of 600 applicants, the Rochester Rehabilitation Center, which employs disabled workers in the production of animal-themed stationery, survived three rounds of intense scrutiny to triumph as one of only four grand-prize winners.

Dey's ambitions in the other areas addressed by the Institute are just as lofty. Forming a limited liability corporation, he has purchased an abandoned 6,000-square-foot storefront in Rochester's 19th Ward, a disinvested neighborhood in the city's southwest quarter, to serve as a center for the Institute's activities and to house seedling social-enterprise ventures.

He has also pioneered a program in which a multidisciplinary Roberts Wesleyan team-taught entrepreneurship, providing successful students with real-life college credits. The team coached individual 4th-6th graders in starting school-based social enterprises, which included a school-supply outlet and a healthy snacks business.

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## The Meeting of Town & Gown

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### Providing Venture Technical Support

Initiatives from the funding community that rely on campus support are not in any way limited to the urban center/regional scale of either the Institute for Social Entrepreneurship at Mount Wachusett Community College or the Institute for Social Entrepreneurship at Roberts Wesleyan College.

An ongoing attempt to provide innovative consulting services within a community context is currently being carried out by **Community Wealth Ventures**, a for-profit subsidiary of the nonprofit **Share Our Strength** organization, in the metropolitan regions of Springfield-Boston, Hartford, Baltimore, and Cleveland.

In each case, Community Wealth Ventures has partnered with local foundations to conduct a 10-month program in which approximately eight local organizations are chosen as recipients of hands-on technical assistance in developing and implementing earned-income ventures.

Beginning in September 2003 and running through March 2006, the firm's Community Wealth Collaborative plans to provide consultation to a total of 42 nonprofit organizations within the four target areas selected.

With the firm providing "a proven methodology for selecting, planning, and launching a social enterprise along with assessment tool and research support," recipients also benefit from interaction with experienced business and social enterprise practitioners.

In both Cleveland and Baltimore, the Community Wealth Collaborative has begun to rely more heavily on

local business schools and graduate-degree management programs, like those at **Case Western Reserve** and Baltimore universities, to provide expert support and specialized technical assistance.

At the **University of Baltimore**, in fact, administrators are already contemplating adoption of the program on an annual basis.

"The Community Wealth Collaborative is similar to some venture-philanthropy programs," says Community Wealth Ventures Senior Consultant Amy Gleason, "but instead of providing financial support, our primary focus, and the focus of the local foundations we partner with, is on providing technical support."

**"From our perspective, it's not just about bringing business concepts to human services.**

**The Institute for Social Entrepreneurship is about business, human services and other sectors partnering to help create livable communities."**

— Ann Costello, Executive Director, Golisano Foundation

### Building A Regional Support System

In Pittsburgh, the focal point for building social-enterprise resources is not located in the university sec-

tor, but instead in the executive offices of the **McCune Foundation**.

There, Associate Executive Director Martha Perry convenes monthly meetings of the **Pittsburgh Area Social Enterprise Committee**, the gathering place for a dozen or so local practitioners interested in building a solid base for future investments in social-enterprise development throughout southwest Pennsylvania.

The Committee, whose origins date back to a 2001 grantmaker's conference on social entrepreneurship, has proceeded both informally and methodically. The Committee's membership, drawn from the nonprofit, philanthropic, consulting, and higher education sectors, has been organized in a half-dozen selectively targeted subcommittees.

The Committee's influence and efforts have, nonetheless, already been felt in significant ways, including the 2003 establishment of a venture-philanthropy consulting incubator, the **Pittsburgh Social Enterprise Accelerator**, which counts four local organizations as ongoing client/recipients.

This spring on Wednesday evenings, **Duquesne University** in Pittsburgh began offering a six-week hands-on course described as a "guided tour" introduction to developing a social enterprise.

The curriculum for the course was designed by local consultant Lisa Olszak, based on her Committee-financed study of social enterprise training and support models in 14 academic and 18 community-based education and training programs.

Tailored specifically for the segment of the nonprofit audience that has expressed an interest in developing social enterprise activities but

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lacks detailed or practical knowledge, Duquesne's introductory course is intended to be the cornerstone of an area wide, multi-institutional education-and-training resource.

In a similar fashion, Perry views the Pittsburgh Social Enterprise Accelerator as just the first step in the Committee's efforts to mount a more substantial, targeted campaign designed to identify and make available funding resources for developing social enterprises in the region.

**It's one thing to educate and train yourself; that lets you and your organization know that you're genuinely serious. But to have money available... that lets the entire nonprofit sector and the society it operates in know that you're serious."**

— Martha Perry, Associate Executive Director, McCune Foundation

Based in part on a Pittsburgh-based 2003 survey report by Community Wealth Ventures, the funding effort will follow on the heels of the development of an education-and-training component because, Perry insists, after knowledge, locating sufficient financial resources is the next, great challenge facing social-enterprise growth.

"Seed money's not enough," she says. "And foundations are too often prone to shift priorities. After information and training, we need a reliable source for sufficient amounts of capital to actually develop resources, to pay for expertly designed and extensive marketing studies and plans, to finance start-ups on something more than a shoestring budget.

"Whatever we do, we plan on doing it in a visible fashion, to let people know we're serious. It's one thing to educate and train yourself; that lets you and your organization know that you're genuinely serious. But to have money available, in something other than tiny amounts? That lets the entire nonprofit sector and the society it operates in know that you're serious." ■

Roger Hahn is a veteran reporter, writer, and editor who previously edited several university-based publications, and most recently contributed editorial assistance for University of Maryland political economics Professor Gar Alperovitz's latest book, *America Beyond Capitalism: Reclaiming Our Wealth, Our Liberty, and Our Democracy*.  
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### Resources:

- For a related article in the *Social Enterprise Reporter* on the Pittsburgh Social Enterprise Accelerator, see <http://sereporter.com/article.php?a=62>
- For additional information on consultant Lisa Olszak's study of "Social Enterprise Training & Support Models," see the first part of this three-part series in [SER105](#) as well as the reference below.
- Institute for Nonprofit Development Mt. Wachusett Community College <http://inpd.mwcc.edu>
- Institute for Social Entrepreneurship Roberts Wesleyan College [www.roberts.edu/ISE](http://www.roberts.edu/ISE)
- Community Wealth Collaborative Community Wealth Ventures [www.communitywealth.com](http://www.communitywealth.com)
- Training Modules: Master's Degree Nonprofit Leadership Program Center for Nonprofit and Social Enterprise Management, Seattle University [www.seattleu.edu/artsci/npl](http://www.seattleu.edu/artsci/npl)
- "Social Enterprise: Innovative Ways to Utilize Resources, Generate New Revenue, and Build Community Wealth" Nonprofit Leadership Institute, Duquesne University [www.leadership.duq.edu/nonprofit](http://www.leadership.duq.edu/nonprofit)
- "Charting the Resources of the Pittsburgh Region's Nonprofit Sector" "Analysis of the Pittsburgh Region's Capacity-Building Resources" "Financing Opportunities for Pittsburgh-Based Social Enterprises" "Profit-Making in Nonprofits – Entrepreneurial Ventures" The Tropman Fund for Nonprofit Research The Forbes Funds [www.forbesfunds.org/tropman/reports/cfm](http://www.forbesfunds.org/tropman/reports/cfm)
- "Study of Social Enterprise Training & Support Models", Olszak Management Consulting, Inc. [www.olszak.com/nonprofit/reportfiles.htm](http://www.olszak.com/nonprofit/reportfiles.htm)

## Assessing Debt Capital

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Mujer to the forefront of the nascent social enterprise movement. In 1998, the organization obtained bank financing to purchase and renovate a third building. La Mujer now operates three buildings (totaling 75,000 square feet) as social enterprise incubators—eight times the size of the combined original buildings. The third building was financed principally through a bank loan at market rates to buy the building and a loan from **Economic Development Administration** for renovation.

The incubator facilities house five successful social purpose businesses. The businesses include a day care center, café, traditional Mexican arts mercantile, apartment complex and a hospital scrub manufacturing enterprise, that La Mujer and El Puente have created.

## What Social Impacts Have the Social Enterprises Had?

These five businesses have enabled La Mujer Obrera to:

- Provide services to over 6,000 clients;
- Create sixty jobs,
- Train and facilitate employment for over 150 Limited English Proficient (LEP) community members;
- Generate over \$1.75 million in earned income revenues;
- Attract \$6 million in physical improvements and investments to El Paso's historic garment district, which has been devastated by plant closings and subsequent neighborhood deterioration;
- Introduce nearly \$1.4 million into the local economy through spending with small businesses that are suppliers to the social purpose businesses;

- Bring in \$1.3 million through salaries (with local economic impact multipliers of 2.5)

- Construct eight units of “townhouse” style apartments for very low-income families, thus allowing those families to remain in the neighborhood.

## Lessons Learned About Running a Social Enterprise

Its first borrowing experience allowed La Mujer to better understand and articulate a “triple bottom line” concept of development. For La Mujer:



**Diseños Mayapán**, a for-profit project of El Puente CDC, specializes in industrial sewing—creating school uniforms, scrubs, aprons, and bags for restaurants, clinics, and hospitals.

1. Business Development means covering core operation costs and contributing to social costs.

2. Women's Empowerment means training women as leaders and social entrepreneurs, creating career paths towards living wages, and having a voice in the community's development.

3. Community Development means promoting economic development and economic justice by catalyzing neighborhood and economic revitalization, while promoting cultural pride and generating new knowledge about social purpose

businesses.

To those social enterprise managers who are considering debt as a strategy, Arnold says, “Be willing to take risk—but a calculated risk. Too many nonprofits think debt is indicative of failure. This never entered our minds! We figured we were running a business. So, we asked how a business grows. They get a loan, of course!”

## El Puente's Lessons Learned About Using Debt

1. Get a Lender Who Gets It: Find a lender that understands nonprofits and social enterprise advises Arnold. “Our partnership with Partners for the Common Good went beyond funding our loan,” she states. “PCG was an invaluable sounding board. We could put all our cards on the table and their credentials helped us to negotiate a \$1.2 million investment package.” Furthermore, cultivating and maintaining a good relationship with your lender over the life of the loan will be important to continuing to grow your business.

2. Change Your Attitude About Debt: “Remember you are running a business,” says Arnold, “I want my social enterprises to have access to the same resources as a traditional business. If a business wants to grow, it goes and gets a business loan. So why shouldn't we?”

3. Plan, Plan, Plan: Before talking to a lender, have a well developed plan for the amount and use of funds and a realistic plan for repayment. When El Puente first considered bank financing, they had already figured out what they needed to do and how they were going to get there.

4. Get Your Financial House In Order: All lenders will require that a prospective borrower have current and accurate financial information.

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## The Language of Social Enterprise

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something that serves as a means to an end. But the reality is that developing a social enterprise business and business outcomes are ends in themselves.

The description by **Social Enterprise London** of social enterprise as an alternative business model where organisations combine financial sustainability with social and environmental missions is not only politically astute in that it identifies social enterprise with business, but it is business with a difference that embraces a social intent with a range of social outcomes. This strategy avoids the dualisms noted above and the use of the idea of business as a form of instrumental means to achieve social goals.

### Furthering Mission Fulfillment

The concepts of business/market and social/mission are not subservient to each other. Neither are means to an end. They are ends in themselves. Our task is to understand the integrating and intersecting relationships between both. We may claim that “the duality between profit (read earned income) and social impact brings about a creative tension that in many cases furthers (that is results in outcomes) both”. But the more important emphasis is that it “furthers both together”.

For the purposes of analyses of social enterprises such as those observed in Kim Alter’s Typology of Social Enterprise we might well separate out each ‘element’ and descriptor or word that defines it for ease of analyses. Alter’s typology is as much an excellent statement about the nature of the relationships between

earned income and social impact, as it is a gentle critique of those who foreground the idea of earned income as a central defining concept in constructing the meanings of social enterprise without including a more explicit statement about how this relates to mission fulfilment.

Social enterprise is constructed through exploring the intersecting relationships within the social-business, mission-market, and culture-economy. Language use in describing these concepts and their relationships is therefore critical in the creation of meaning through analysis and interpretation.

Our awareness of language use and its underlying assumptions and epistemology is very important to our understanding of the nature of our social enterprise work. In Australia we have not yet had these debates and our thinking is perhaps far less progressed than that of our US or UK colleagues. We tend to be more utilitarian (‘if it works, use it’), less preoccupied with definitions of social enterprise perhaps, and more enthusiastic about doing social enterprise for social change in an adverse policy environment. We need to be more analytic like our international colleagues in order to understand, explain, and self-evaluate our work within our Australian communities. ■

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8 August 2005

➔ [www.sel.org.uk](http://www.sel.org.uk)

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

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## Forging Strategic Partnerships

(continued from page 5)

And once the partnership is underway, manage it: The best way to build trust among partners is to concentrate on personal relationships, so work hard to cement them, up and down the line, from the senior executives to the lowest level employees of both organizations. Always respond to your partner’s needs before your own (that’s how you create value), keep the lines of communication open—and always respond quickly (a good rule of thumb is to make sure you call back the same day). ■

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## Assessing Debt Capital

(continued from page 10)

Cash flow is of particular concern. So, preparing a cash flow statement to see if the business can cover expenses and the cost of the debt is key. By preparing these materials ahead of time, it will help give the lender confidence that you are watching the bottom line and have the capacity to manage debt.

5. Right Loan Structure is Key: Many nonprofits focus too much attention on the interest rate and cost of borrowing. However, El Puente’s case demonstrates that having interest and principal payments flexibly structured to the needs of the business were far more important than interest rate. ■

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

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Jeannine Jacokes is the Executive Director of Partners for the Common Good. She served for more than six years as a senior member of the management team at the U.S. Department of the Treasury’s Community Development Financial Institutions (CDFI) Fund. Ms. Jacokes currently serves as senior policy advisor to the Community Development Bankers Association.

➔ <http://pcgloanfund.org>

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

August 26, 2005 Supersizing Good: Lessons from the Trenches in  
Going Corporate; San Francisco, CA

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

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## **National Association of Development Organizations 2005 Annual Training Conference**

August 27–30, Seattle, WA

➔ [www.nado.org/meetings/atc.html](http://www.nado.org/meetings/atc.html)

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

Foundation Center Locations, Washington, DC September 19, 2005,

New York, NY September 30, 2005, San Francisco, CA November 1

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

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## **National Congress of Community Economic Development Annual Conference & 35th Anniversary**

September 19–21, 2005, Washington, DC

➔ [www.ncced.org/conventions/](http://www.ncced.org/conventions/)

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## **The Grantsmanship Center**

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

Sept. 19–21, Los Angeles, CA; Oct. 3–5, Kansas City, MO;

Nov. 7–9, Dayton, OH

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

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

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## **Double Bottom Line Investing:**

### **An Intro to the CDVC Approach**

### **A Workshop by the Community Development**

### **Venture Capital Alliance**

September 20, 2005, Ewing Marion Kauffman Foundation Conference  
Center, Kansas City, Missouri

➔ [www.cdvc.org](http://www.cdvc.org)

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## **International Economic Development Council 2005 Annual Conference: “The Global Economy is Here...Now What?”**

September 25–28, 2005, Chicago IL

➔ [www.iedconline.org/AnnualConference/index.html](http://www.iedconline.org/AnnualConference/index.html)

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## **What Works! Rural Entrepreneurship & Community Development in the Northeast**

September 28–30, 2005 Burlington, Vermont

➔ [www.cas.nercrd.psu.edu/entrepreneur2005wksp.htm](http://www.cas.nercrd.psu.edu/entrepreneur2005wksp.htm)

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## **National Association of Seed and Venture Funds Conference: Fostering Innovation Capital**

September 28–30, Philadelphia, PA

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

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## **Craigslist Foundation Second Annual Nonprofit Boot Camp October 8, 2005, San Francisco CA**

➔ [www.craigslistfoundation.org/bootcamp.html](http://www.craigslistfoundation.org/bootcamp.html)

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## **S-DEV Geneva 05: International Platform on Sustainable Urban Development**

October 11–13, 2005 Geneva - SWITZERLAND

➔ [www.s-dev.org/](http://www.s-dev.org/)

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## **The Nonprofit Congress**

October 15–18, 2006, Washington, DC

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

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## **National Community Capital Association**

Annual Conference: On the Road to Scale:

What's NOW? What's NEW? What's NEXT?

October 19–22, 2005, Los Angeles, CA

➔ [www.communitycapital.org/training/atc\\_2005.html](http://www.communitycapital.org/training/atc_2005.html)

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## **Social Venture Network 2005 Fall Invitational Conference Reinventing the Game: The Role of Socially Responsible Business**

October 20–23, 2005

➔ [svn.org/Initiatives/fall%202005/fall2005.htm](http://svn.org/Initiatives/fall%202005/fall2005.htm)

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## **It's So Easy Funding Green:**

### **The First National Green Building Conference for Funders (A Funders' Network Event)**

October 24–26, 2005 Cleveland, Ohio

➔ [www.fundersnetwork.org/calendar\\_sponsor2791/calendar\\_sponsor\\_  
show.htm?doc\\_id=272522](http://www.fundersnetwork.org/calendar_sponsor2791/calendar_sponsor_show.htm?doc_id=272522)

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