



Social Entrepreneurship

Non-Profits...Social Enterprises
Real World Businesses
with a Double Bottom Line



Social Entrepreneurship

- In for-profit businesses, profit measured by:
 - financial return
- In most nonprofits, return is measured by:
 - Social value/public good and bottom line
- In entrepreneurial nonprofits or social enterprises, return is measured by both
 - financial return
 - social value or public good



Social Entrepreneurship

Combines the passion of a social mission with the discipline and determination of a business venture



Importance of Mission

- Tie your earned income strategies to your mission or pay taxes on your unrelated business income.
- Be transparent and unambiguous in your tracking of revenues and expenses related to your social enterprise.



Social Entrepreneurship

- A social entrepreneur:
 - Pursues a mission to create social value
 - Applies and adapts business strategies
 - Is not limited by current resources
 - Maintains both financial and programmatic accountability to constituents

Social Enterprise Spectrum

by Greg Dees

The Social Enterprise Spectrum

	Purely Philanthropic	←————→	Purely Commercial
General Motives, Methods, & Goals	Appeal to goodwill Mission-driven Social value creation	Mixed motives Balance of mission and market Social and economic value	Appeal to self-interest Market-driven Economic value creation
Key Stakeholders:			
Beneficiaries	Pay nothing	Subsidized rates, and/or mix of full payers and those who pay nothing	Pay full market rates
Capital	Donations and grants	Below-market capital and/or, mix of donations and market rates capital	Market rate capital
Work force	Volunteers	Below-market wages, and/or mix of volunteers and fully paid staff	Market rate compensation
Suppliers	Make in-kind donations	Special discounts, and/or mix of in-kind and full price	Charge full market prices



Social Entrepreneurship

Key 1- Internal understanding and support for entrepreneurial initiatives is critical to an organization's success

Staff and board can make or break earned income strategies and the successful implementation of business practices...
communicate and assign accountability



Social Entrepreneurship

- Key 2: Relationships with funders are critical to success

Entrepreneurial organizations go to funders with a plan for supporting a portion of their operations through earned income RATHER than through traditional philanthropy... Funders MUST understand your business



Funders

- Like many businesses, social entrepreneurs often turn to a variety of funders to help get their ventures off the ground and to scale them up.
- All programs and organizations have life-cycles...know your life cycles.



Funders, Cont.

- **Venture capital** (VC) funds provide equity capital to ventures. Many traditional VC firms have a social or environmental branch with funds dedicated solely to social and/or environmental causes, such as the [KPCB Green Growth Fund](#).



Funders, Cont.

- **Venture philanthropy firms** like the Acumen Fund apply business and venture capital strategies to sustainable social causes.
- **Incubators** like Global Social Benefit Incubator (GBSI) help social entrepreneurs develop their ideas and provide training, mentors, and funding.



Funders, Cont.

- **Traditional Philanthropy** is increasingly supporting earned income strategies for sustainability.
- **Crowdfunding** platforms like Causes.com crowdsource funding for organizations directly from individuals.



Funders, Cont.

- **Government**
- Agencies support social entrepreneurship; providing information on social problems, enabling innovation with resources, and rewarding successes. Some efforts are led by the White House's new Office of Social Innovation and Civic Participation.



Social Entrepreneurship

- Key 3: Community is critical
- Communicate your mission, your earned income strategies and success in an ongoing, deliberate manner...build and implement a communications plan
- Make it easy for your constituents, stakeholders and community members to understand your direction and support you in a concrete way
- Be consistent in your community conversations
- Listen



Social Entrepreneurship

KEY POINTS

- Entrepreneurial spirit must pervade the board and staff
- The Community must understand and support your efforts
- Earned income and market-driven forces help an agency grow and increase social value



Social Entrepreneurship

KEY POINTS

- Earned income is measurable, and attractive to social investors (philanthropists)
- ANY agency can generate earned income:
 - Start with board commitment
 - Study...learn...share...invest
 - Act boldly, Examine and plan to minimize risk
 - Never be limited by current resources
 - Embrace change
 - Be accountable to outcomes
 - Communicate, internally and externally



Social Entrepreneurship

- Monitor, Evaluate and Report organizational and program performance as they relate to both financial and social bottom lines.
- Celebrate and communicate success.