

Introduction to Social Enterprise & the Triple Bottom Line

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Social Enterprise Associates**

**Webinar for Bankers without Borders
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**Social Enterprise
ASSOCIATES**

About Social Enterprise Associates

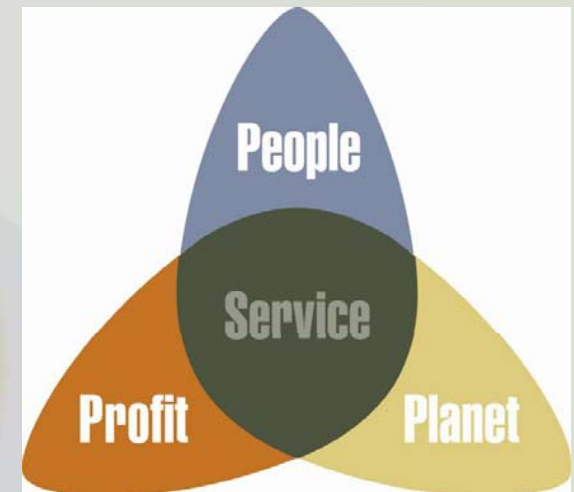
Consulting firm - Registered 'B Corp'

This network of experts offers consulting & capital raising to triple bottom line efforts - for people, profits, planet.

Registered 'B Corporation', recognized:

2011 'One of the Best for the World' Small Businesses

2012 Honoree, Sustainable Business of the Year



Drew Tulchin, Managing Partner, MBA

- Former Program Officer, Grameen Foundation
- Written >100 business/strategic plans; efforts raised >\$100 million
- Biz plan winner, Global Social Venture Comp; raised \$1.2 mil. in social investment
- Judge in international social enterprise & social business competitions

Consulting Examples



World Food Program: Investigated how to better engage private sector to raise \$400 million. Wrote white paper on public-private partnerships



The SEEP Network: Worked with 5 int'l NGOs to develop business plans, hone products, enter new markets, & link to \$ in the global North



Future of Fish: Capital advisory for social entrepreneurs launching market-based initiatives that drive sustainability, efficiency, and traceability in the seafood supply chain.



Plan International: Contributed to national studies in W. Africa on economic sector growth opportunities for young adults. Identified growth markets for 50,000 jobs in 3 years



SW Native Green Loan Fund: Structured fund to involve small foundations in public-private partnership for green infrastructure

About You!

This training is for you, so please make sure you have your interests answered:

- Who are you?
- What motivated you to join us today?
- What do you hope to get out of this session?

Please text questions throughout, for Q&A at end

What is 'Social Enterprise'?

Terms vary

Mission: Helping people and/or environment

Method: Using market-based business models



Source: Asian Venture Philanthropy Network (AVPN)

Why Need Social Enterprise?

- **Worldwide:** 3 billion in poverty (live < \$2 / day).
In most countries: few employment options; people on their own; civil society to help them
- **U.S.:** Poverty on rise; need increasing. NGOs do more w/ less, sustainably. Business = increased positive role in society
- **POOR PEOPLE** pay more for services.
Many lack access (food deserts, isolated, 'bad stats')

ACCESS to capital is a 'foundational right', because having it allows other rights to build upon it.

- Prof. Yunus, Nobel Peace Prize Recipient 2006



A Little Bit of Theory

(It won't hurt, honest)

Triple Bottom Line

Multiple bottom lines

Single Bottom Line = financial profitability

Double + social / community impact

Triple + environmental impact

The 3 Ps = People, Profit, Planet

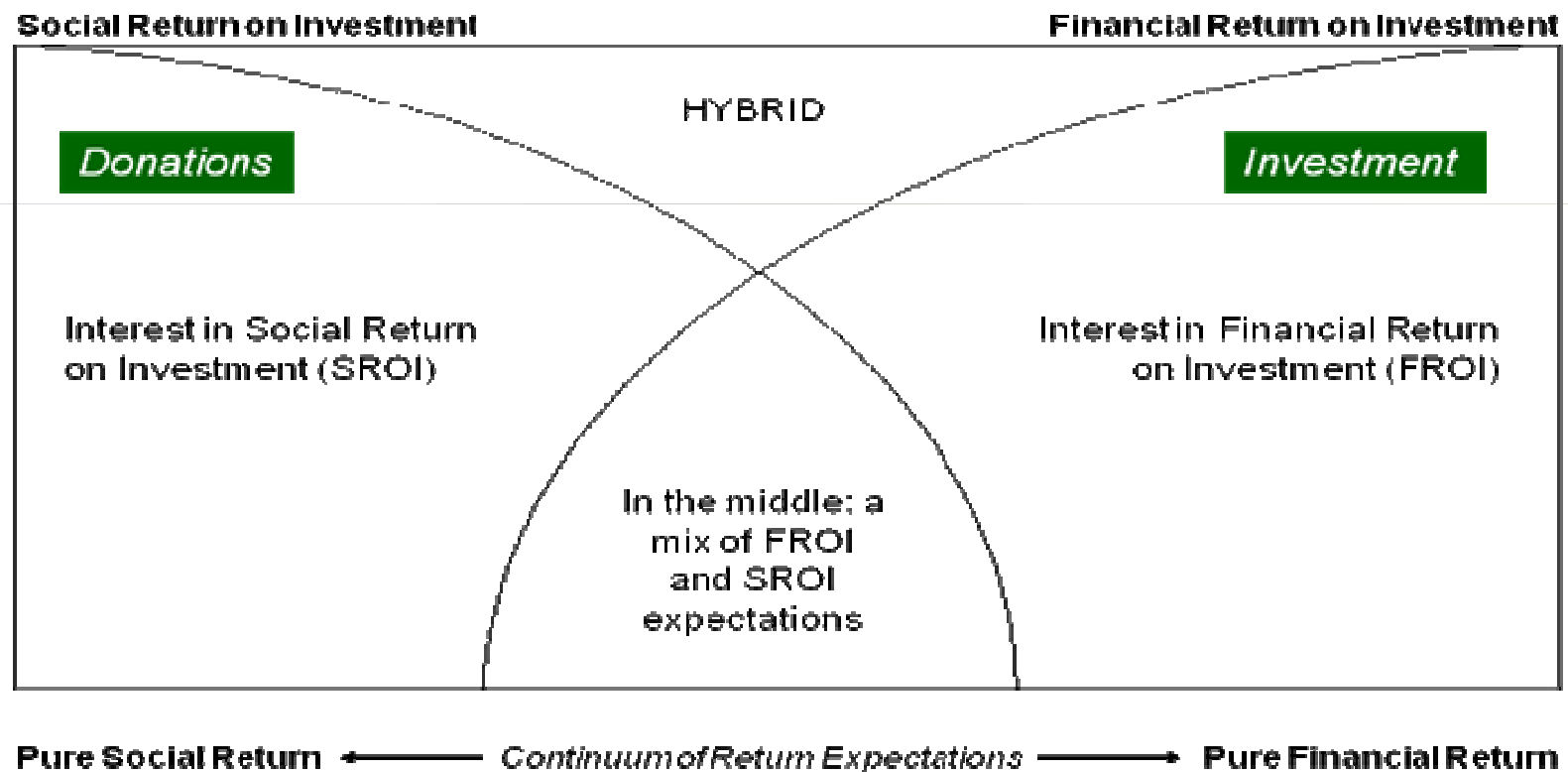
Quadruple Bottom Line + cultural impact

(The 4th Dimension...cool)



Continuum of Return Expectations

Blended Value Proposition

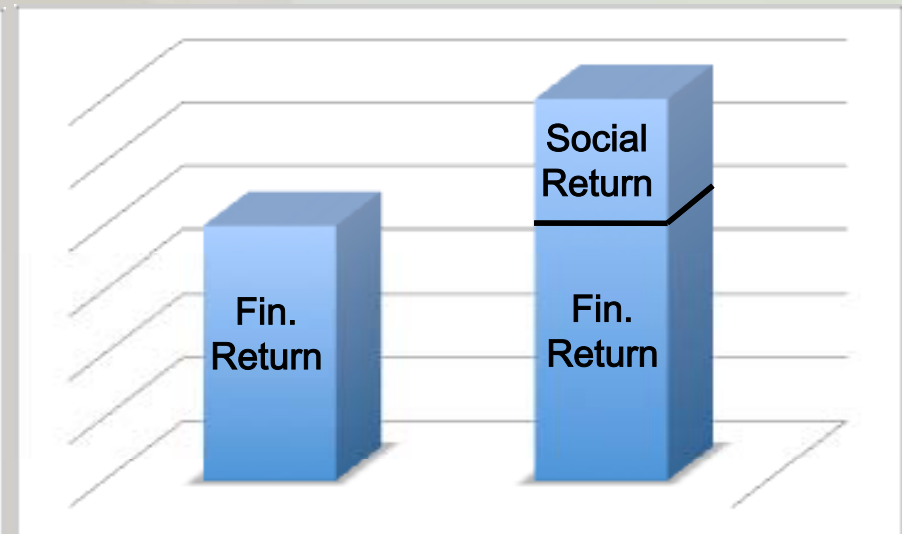
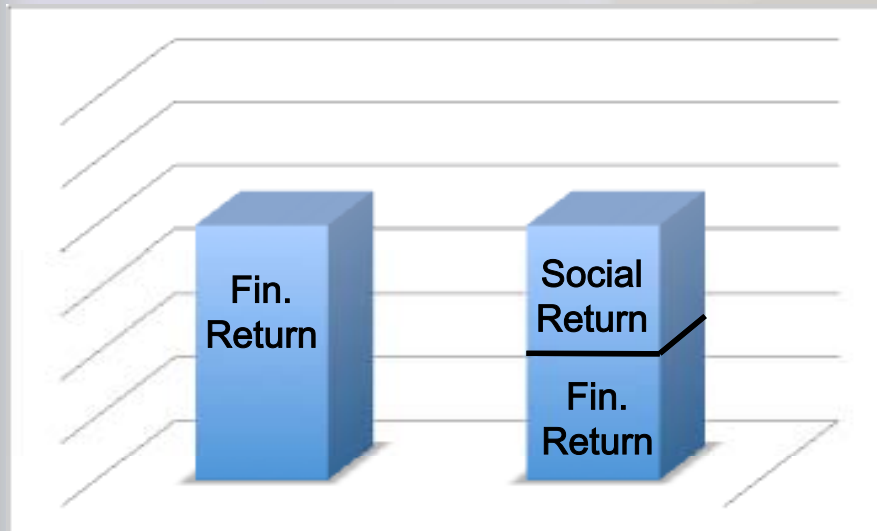


Morino Institute, Blended Value Proposition

Thinking About Returns

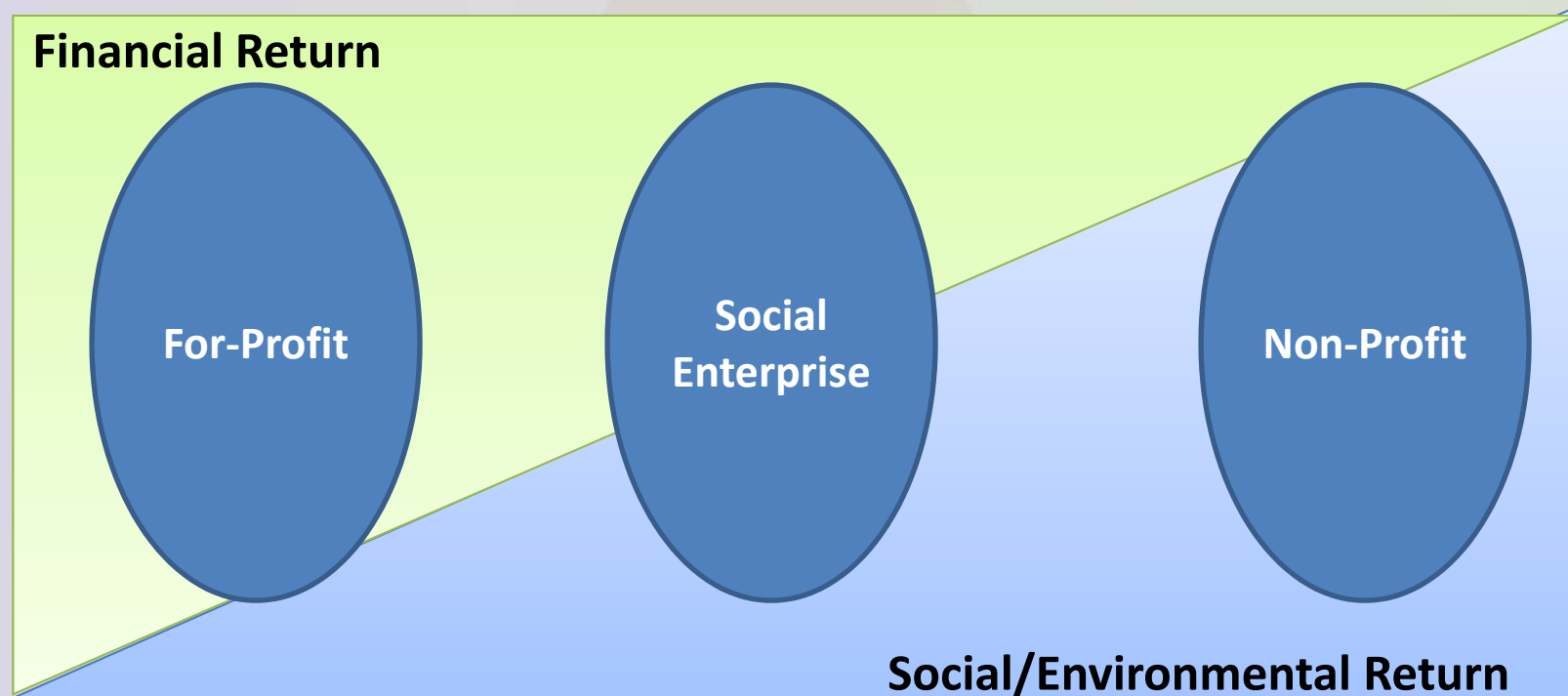
Social Return as substitute
for Financial Return with
respect to ROI

Social Return in addition to
Financial Return



How do you measure your activities to show this?

Where Social Enterprise Falls



Social Enterprises meld For-Profit & Non-Profit Models

- Mission-driven seeking social, environmental returns
- Not just charity, recovers costs from operations through business
- Blended value proposition

What Makes a Good Social Enterprise?

$$P + O + M = S$$

Problem + Opportunity + Mission = Solution

1. How great is the 'pain'?
2. What is the alternative in the 'marketplace'?
3. What is your 'special sauce'?
4. What is the value of what you offer? And, to WHOM?

Social Enterprise vs. Social Business

Adapted from UK based ClearlySo...

Social businesses are corporate legal entities with dual motive – commercial (profit-making) & social

Social enterprises have range of legal formations (& sometimes more than one), with revenue generating model, primarily focused on creating social impact



Examples

Ex: DC Central Kitchen, Washington DC



Source: Guidestar.org

Overview & Mission:

DC Central Kitchen turns leftover food into millions of meals for thousands of at-risk individuals while offering nationally recognized culinary job training to adults overcoming homelessness, addiction, and incarceration. **We use food as a tool to strengthen bodies, empower minds and build communities.**

Impact:

Provide **breakfast, outreach & counseling** to chronically homeless people. **Recycle 1,700 pounds of food / day**, convert to **4,500 meals** to **100 shelters, transitional homes & rehab clinics** in DC area. Partners refer clients to **Culinary Job Training**, to receive tools to start new careers. Complete empowerment process employ graduates in full-service catering company or place in full-time jobs at hotels & restaurants in region.

Ex: Prosperity Candle, Easthampton MA

Overview & Mission:

Prosperity Candle empowers women to rebuild their lives through candle making. In areas of conflict and in the aftermath of disasters, we partner with thousands of women, **helping them to build thriving businesses** that can offer employment for others in their communities.

Impact:

Provide **equipment, training and guidance** to women, for creating high-quality candles for local and export markets. Through **online store and distribution network**, sell candles in US market, the profits creating incomes above minimum-wage. Paraffin, rather than soy-based, candles are better for the environment. Prosperity Candle is an eBay Green Team favorite, and has been featured in Forbes, the Huffington Post, and AOL Impact.



Source: Prosperitycandle.com

Some Trends

History

This is not new

Monasteries – trade in wine, cheese, candles

Performing arts – admission fees

Higher education – tuition

Private sector social enterprise forerunners

1890s Carnegie model ‘make fortune 1st, then give away’

1910s Rosenwald model ‘long term market dev’

1960s Norris model ‘addressing major unmet needs of society as profitable business opportunities’

What’s the largest social enterprise you know?

Trends

Impact Investing

Social investment

Follows on successes of microfinance

Equity investment & debt

Corporate entities

B Corps

L3Cs (in the US)

Social business (Prof. Yunus' book & ideas here)

Accessing \$ Online

Lots happening here
Caveat Emptor – buyer beware



Peer-to-Peer Lending

(like eBay, but for loans)

Borrowers request loans, amounts vary by site, up to \$25 K

Lenders invest as little as \$25

Mostly US & Europe

Crowd Funding

The logo for Kickstarter, featuring the word "KICKSTARTER" in a bold, sans-serif font. "KICK" is in black and "STARTER" is in green.

Crowd Funding

Started as donations

Moving to in-kind

\$400 million on Kickstarter w/ ~2 million people

Potential for investment coming

Investment Clubs & Groups



Not a new concept,
focus on local twist

Slow Mone: Woody Tasch's book,
conference, local efforts

LION: >20 chapters, less than 5 yrs

Angel clubs, other formats

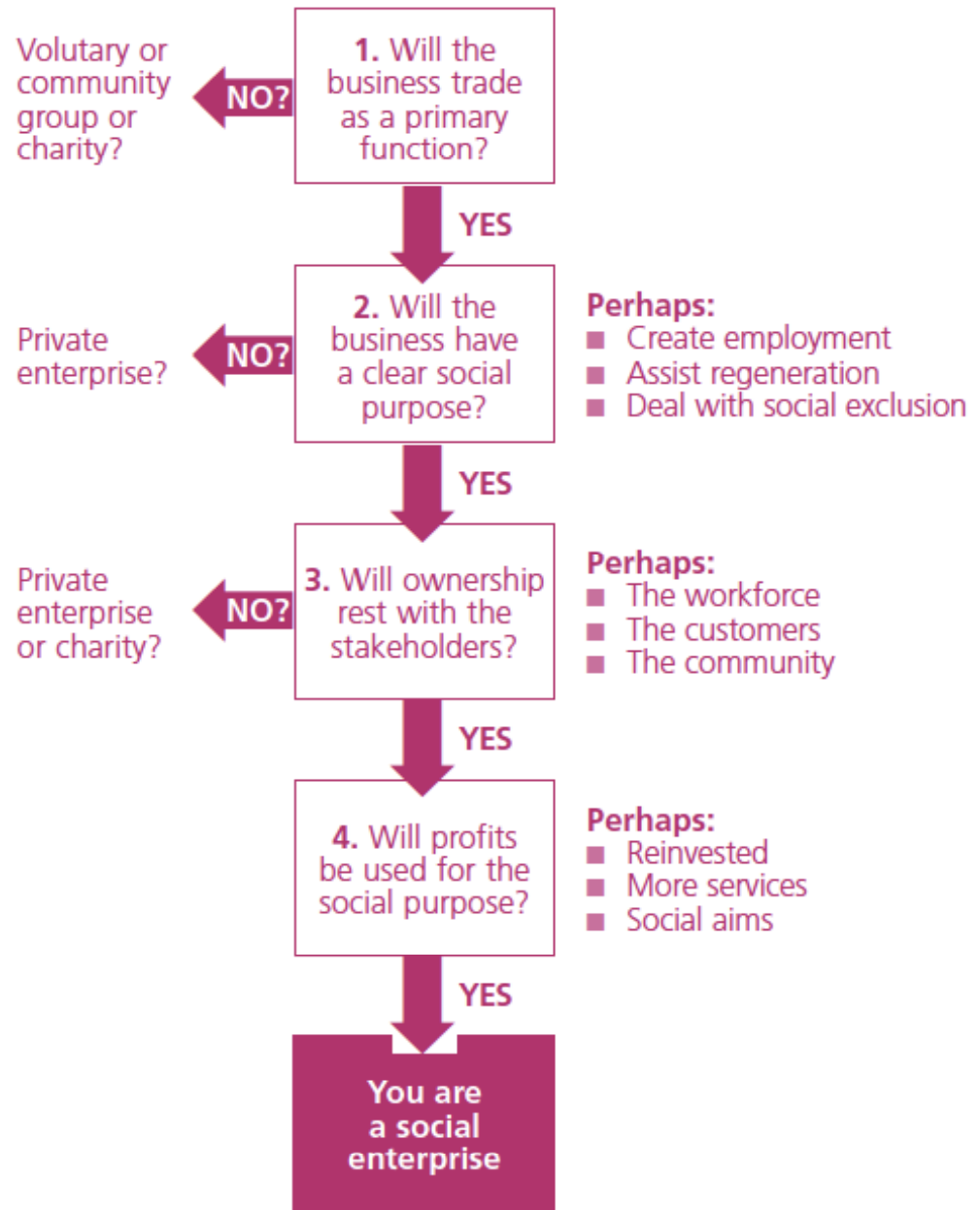
US legal changes coming: Cutting
Edge Capital, L3C, B Corp

How to Create a Social Enterprise

**First and foremost...
Social Enterprise is NOT feasible
for all organizations**

**Investigation, prudence
highly encouraged**

Thinking of Social Enterprise?



Brainstorming List

Earned Income Options

Group think activity

Brainstorming List

Earned Income Options

- Facility revenue
- Program service fees
- Events
- Grants
- Marketing partnerships
- Sponsorships
- Membership fees
- Book publication
- Earned interest
- Capital gains
- Bartering
- Product sales
- Consulting contract / service fee
- Training, expertise
- Honorariums, speakers
- Licensing
- Supporting organizations
- Advertising
- Awards, competitions
- Teaching
- Affiliate referrals – i.e. Livestrong Bracelets & spin-offs

Incremental Steps

- 1. Feasibility Study** - Risks, stresses, challenges, specifics
- 2. Market Analysis** - Investigate market landscape, competitors (direct and indirect), and customer demand
- 3. Business Plan** - Document your plan; include product, market, customers, budget, timeline; “living document”
- 4. Financial Projections & Budgeting** - Consider variance and probability scenarios, learn to love excel!
- 5. Fund-raising & Investment** - Identify capital sources, establish communication, provide marketing materials

Overall Tips & Tricks

- Be prepared to say “NO” at each point. Don’t throw good money after bad
- Value existing experience. Draw upon strengths
- See opportunities where others see problems
- With many services, you get what you pay for
- **Plan realistically. Efforts take 2x as long, cost 2x as much; generate 1/2 revenue expected**
- Have fun and do great community work!

Let's Sum Up

Recap, Review
Tips & Tricks

Resources: William James Foundation, Skoll Social Edge, SoCap, BID Network, Soc. Ent. Alliance, competitions, SSIR, ClearlySo & more

Free publications: www.socialenterprise.net

Thank you!

**Questions?
Answers?**

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New Opportunities Welcome

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