



Appendix: Social Enterprise Case Study Examples

The following framework is provided for social enterprise examples.

Ownership Structure:	Describes the legal and tax-related structural components of the enterprise
Scale:	Describes the size in revenues and assets of the parent nonprofit and the social enterprise (data-available)
Major Stakeholders:	Who are the key stakeholders of the business?
Board Structure:	Is the board separate? Inter-connected? Is there no separate board?
Description:	A summary of the social enterprise being highlighted and its general business model
History:	Self-explanatory
The "Punchline:"	Has it been successful? A failure? Mixed results?
Strengths of the Structure:	Self-explanatory
Weaknesses of the Structure:	Self-explanatory
Best Practices ID'd:	Self-explanatory
Challenges ID'd:	Self-explanatory
Other Interesting Issues:	



Industry best case study.

Parent Nonprofit Name:	Greyston Foundation
	www.greyston.org
Business Name:	Greyston Bakery
	http://greystonbakery.com
Location:	Yonkers, NY
Ownership Structure:	A combination of for-profit and non-profit subsidiaries of a nonprofit parent.
Scale:	The Greyston Foundation operates a group of 5 exempt and 3 for-profit subsidiaries. The Greyston Foundation recorded revenues of \$3.6 million and net assets of \$3.2 million on its 2005 IRS tax form 990. The Greyston Bakery, the largest and best known for-profit subsidiary currently earns \$6 million in annual revenues.
Major Stakeholders:	The bakery was created to offer structured employment for the "difficult to employ," or people with limited, no, or negative job experience. Jobs are first-come, first-served (literally people line up outside; the first one gets the job). Greyston likes to say that they don't hire people to make brownies, they make brownies to hire people.
Board Structure:	Separate board for the for-profit.
Description:	Greyston Bakery operates as one of Greyston Foundation's for-profit subsidiaries. It is a commercial bakery largely engaged in wholesale sales of high-end gourmet baked goods (brownies, cakes, cookies).
History:	Founded in 1982 by a Zen Buddhist group to provide enough income to support the members (financed with a \$300,000 loan). It morphed into a program to offer employment opportunities for the difficult to employ. In 1988, Greyston secured a contract to supply brownies for Ben&Jerry's ice cream. This large contract came with operational support from B&J. It supported Greyston at a critical time. In 2004, they moved into a multi-million dollar facility and currently employ 65 people.
The "Punchline:"	Greyston is one of the best successes in the social enterprise field domestically. They have remained true to their mission, have managed growth successfully, and are profitable (spinning profits back to Greyston Foundation).
Strengths of the Structure:	Liability protection to the parent. Market credibility. Access to other sources of capital (e.g. debt, equity).
Weaknesses of the Structure:	Risk of mission drift due to separate management and for-profit motivations of for-profit subsidiaries.
Best Practices ID'd:	Greyston is run by professional business managers with exceptional operational and financial skills. The business is run with rigor, but without forgetting its spiritual roots.
Challenges ID'd:	One could argue that they "lucked" their way into the Ben&Jerry's contract, and without that contract, there would be losses.
Other Interesting Issues:	The positive impact on Yonkers for all of Greyston's efforts is undeniable. The PR and side effects of the social enterprise on the NGO efforts is also positive.



Shelburne Farms Closely held model; local example.

Parent Nonprofit Name:	Shelburne Farms
	www.shelburnefarms.org
Business Name:	Shelburne Farms
	www.shelburnefarms.org
Location:	Shelburne, VT
Ownership Structure:	Earned income businesses run as programs of nonprofit parent
Scale:	Shelburne Farms reported revenue of \$2.8 million on 2004 IRS 990, and net assets of \$21.25 million (including \$20 million farm).
Major Stakeholders:	The farm products are sold to support the operation of the farm and its mission of cultivating a conservation ethic.
Board Structure:	One board, centrally controlled
Description:	Shelburne Farms is a membership-supported nonprofit with environmental education center and operating farm on the shores of Lake Champlain. Through the farm, an educational resource, the organization sells a wide range of cheese, meat, and specialty products.
History:	The farm has been in operation since 1886, but was founded as a nonprofit in 1972.
The "Punchline:"	The business is avoids taxes due to its operation as a related enterprise of the nonprofit. It's profitability has been limited (we assume that a contributing factor may be a more mission-oriented approach as opposed to a sales/growth oriented approach).
Strengths of the Structure:	Simplicity of accounting, only one board, no major costs associated with start-up of a new organization, avoidance of taxes.
Weaknesses of the Structure:	Limited access to capital for growth. Risk of loss of entrepreneurial culture. Extensive oversight by NGO.
Best Practices ID'd:	First-rate product presentation and positioning.
Challenges ID'd:	Business is closely held and controlled, so no outside or different perspective provided.
Other Interesting Issues:	Shelburne Farms operates an inn as a separate for-profit entity. As of the most recent tax year viewed (2004), operated at a loss.

Appalachian Sustainable Development

Green NGO with good connections to local businesses.

Parent Nonprofit Name:	Appalachian Sustainable Development www.appsusdev.org
Business Name:	Various (one example) www.appsusdev.org/sustainablewoods2.html
Location:	Abingdon, VA
Ownership Structure:	A nonprofit with a series of partnerships with for-profit businesses.
Scale:	The nonprofit reported approximately \$460,000 of earned income (related) in 2005, almost half of its budget. It is unclear what percentage was derived from partnerships with for-profit companies or other source.
Major Stakeholders:	The organization is focused on promoting sustainable forestry practices, and the focus of these partnerships is to increase the supply and demand for high-end hardwood products.
Board Structure:	One board
Description:	This nonprofit has developed a series of partnerships with for-profit businesses to develop high-end finished wood products for sale using its sustainably harvested lumber (the nonprofit operates a commercial lumbermill to rough process the lumber for sale).
History:	ASD was formed in 1995 with a focus on "developing healthy, diverse and ecologically sound economic opportunities through education and training, and the development of cooperative networks and marketing systems."
The "Punchline:"	This structure enabled ASD to quickly develop a supply of high-end sustainably harvested products. This approach enables ASD to more quickly develop the market for these goods than if they had decided to develop their own hardwood flooring and/or cabinet making businesses.
Strengths of the Structure:	By partnering with established manufacturers of high-end wood products, ASD is able to cater to the higher-end consumer and quickly establish market credibility and high-quality supply of sustainably harvested wood products.
Weaknesses of the Structure:	ASD is reliant upon the network of for-profit partners to deliver quality products and services in-line with ASD's positioning. If manufacturers provide poor service or product-quality, or decide to stop producing sustainably harvested products, ASD could be left without adequate demand for its wholesale lumber, and/or end consumers who may opt for non-sustainable products.
Best Practices ID'd:	Smart strategy of leveraging existing resources to grow and support a mission-based strategy.
Challenges ID'd:	From what we can determine, it appears partnerships revenues are minimal. In these types of relationships, clearly laying out the financial arrangements (e.g. commissions, flat fee) is vital.
Other Interesting Issues:	Role as community resource is valuable. Org acts as a broker for supply and demand. Grows its specialization.



NGO master at marketing and licensing.

Parent Nonprofit:	Share our Strength http://www.strength.org/
Business Name:	Taste of the Nation http://taste.strength.org/site/PageServer?pagename=TOTN_homepage
Location:	Various, nationwide
Ownership Structure:	Licensing model
Scale:	Taste of the Nation generated \$6,000,000 in related revenues for Share our Strength in 2005. From public information, it is difficult to see percentage of this income derived from corporate licensing.
Major Stakeholders:	SOS is focused on eliminating childhood hunger in the United States and has stakeholders that are NGOs, large corporations, and excellent foundation support. American Express and other large companies have been involved.
Board Structure:	One board.
Description:	Share our Strength has built powerful brands that it licenses to corporations, including "Share our Strength," "Taste of the Nation," "The Great American Bakesale," and "Operation Frontline." In addition SOS sells licenses for some artwork and chefs' recipes.
History:	SOS has long (founded in 1984) been one of the leaders in the field of social enterprise, respected for its creative, entrepreneurial and rigorous approach to earned income generation in furtherance of its mission.
The "Punchline:"	SOS has built a portfolio of well-respected and well-known brands in addition to direct access to thousands of chefs, restaurateurs and wealthy patrons throughout the country. This puts them in a unique position to secure significant licensing revenues.
Strengths of the Structure	Commonly structured as win-win relationships that provide the nonprofit with a source of unrestricted income and a co-branding opportunity of benefit to the for-profit.
Weaknesses of the Structure:	Reliant upon establishing a strong brand or resource that is of value to corporate partners.
Best Practices ID'd:	SOS approached its activities with an entrepreneurial mindset and sophisticated marketing to shape its business model. This created significant opportunities for earned income that would not have been available had they approached hunger relief in standard ways.
Challenges ID'd:	With licensing, it can be challenging to evaluate value creation for the for-profit. Therefore, pricing can be difficult. Nonprofits risk undercharging for licensing arrangements.
Other Interesting Issues:	SOS offers great examples of cause-related marketing, corporate partnerships, and event sponsorships as well.



An SR business doing well by doing good.

Parent Nonprofit Name:	N/A
Business Name:	Pura Vida Coffee Company
Business Website:	www.puravidacoffee.com
Location:	Seattle, WA
Ownership Structure:	Social purpose for-profit with a related nonprofit to accept donations
Scale:	Pura Vida Coffee Company has become one of the largest sellers of Fair Trade certified organic coffee in the United States.
Major Stakeholders:	Privately held company. Pura Vida is committed to helping children in coffee communities around the world.
Board Structure:	Two distinct boards, for profit and non-profit.
Description:	Pura Vida sells fair trade coffee. It strives to provide living wages to farmers and producers of coffee, to educate and motivate coffee consumers to become more socially minded, to inspire business leaders, and to serve and empower at-risk children and families in coffee growing countries. The idea is to generate these impacts through the course of doing business, and also via the redistribution of profits and donations to the related nonprofit (Pura Vida Partners).
History:	Pura Vida was begun by an MBA entrepreneur from the IT/marketing industry. It has always been an 'SR' business and developed the NGO to connect more people to its mission and also its products.
The "Punchline:"	Pura Vida has grown into one of the largest distributors of fair-trade organic coffee in the country, and has been able to attain significant social and environmental outcomes, proving once again that socially minded for-profit business can be profitable. It has excellent marketing and has attracted extensive attention that reinforces both its coffee sales and its social goals.
Strengths of the Structure:	Access to a wide range of capital sources (i.e. debt and equity for the business. Donations via the nonprofit).
Weaknesses of the Structure:	For-profit business risk (i.e. cash shortages). Challenge of maintaining a quality product. Ensuring social efforts for mission don't overwhelm business activities.
Best Practices ID'd:	Business activities demonstrate that one can do well by doing good.
Challenges ID'd:	Cash flow to fuel growth. Organization has grown very fast and been challenged to earn a return.
Other Interesting Issues:	Social efforts take staff time and do cost money. They don't always add to the first bottom line.



Boston based soc. ent. w/ food and kids.

Parent Nonprofit Name:	The Food Project
	www.thefoodproject.org
Business Name:	Various
Business Website:	www.thefoodproject.org
Location:	Boston, MA
Ownership Structure:	Nonprofit with a variety of social enterprises operating as programs of the nonprofit
Scale:	Businesses generate \$350,000 in revenues; \$2.5 million overall annual budget.
Major Stakeholders:	All businesses are focused on promoting sustainable agriculture and food systems while training and employing a diverse group of Boston-area youth.
Board Structure:	One board.
Description:	NGO runs a large CSA, farmers' markets, own salsa, and makes other value-added products.
History:	Founded in 1991, and has from its start had an entrepreneurial culture rooted in its agricultural activities.
The "Punchline:"	Earned income activities have provided meaningful outlets for youth development activities while generating a significant stream of unrestricted revenue for the organization.
Strengths of the Structure:	Highly integrated with most organizational programs, and thus instills a more entrepreneurial culture throughout the organization. Related income can be used to support difficult-to-fund programs.
Weaknesses of the Structure:	This organization has at times been hampered in its efforts to develop and grow enterprises due to a difficulty in making tough mission-related choices avoided if businesses were for-profit activities.
Best Practices ID'd:	Businesses have remained true to mission and are highly consistent with positioning and objectives of the organization.
Challenges ID'd:	Importance of prioritizing and balancing mission-related against financial objectives.
Other Interesting Issues:	Businesses have not been profitable. Organization has to balance programs that are core to daily activities and new business opportunities which are less mission-focused. Social enterprises have generated extensive PR for the organization.