

# How to Run a Social Enterprise

Dr. Amber Epps

*“We cannot solve our problems with the same thinking we used when we created them.” - Albert Einstein*

# What is a Social Enterprise?

- A business with specific social objectives that serve its primary purpose
- Exist at the intersection of traditional and nonprofit sectors
- Seeks to maximize profits while maximizing benefit to society and the environment
  - May receive grants
  - Reinvest profits into social mission
- Seek to balance activities that provide financial benefits with social goals (ex: low-income housing, food security, job training, etc)



# What Makes a Social Enterprise Different?

		Traditional Business	Nonprofit	Social Enterprise
	Primary goal is to maximize profits	✓	✗	✗
	Typically does not focus on programs and initiatives that generate revenue	✗	✓	✗
	Preference given to job-seekers from at-risk communities	✗	✗	✓
	Funding is typically obtained by selling goods and services	✓	✗	✓



## Examples

- Warby Parker
- TOMS
- [Loaf Catering](#)





# Social Enterprise vs Social Entrepreneurship

Social entrepreneurs look for innovative ways to drive change in order to solve social and environmental problems...AND THEN...

Social enterprises form to fulfill a business purpose and solve societal problems through commercial activities.





# Why Start a Social Enterprise?

1. Access to startup funding through loans and grants focused on orgs that want to help local communities
2. Great way to give back to the community!
3. Happy employees (sometimes the focus of the SE is on helping the employees themselves)
4. You can make money
5. Good consumer image
6. Better business rates from (banking fees, etc may be lower for SE and NPs)
7. Work that makes you feel good :)





# New or Existing?

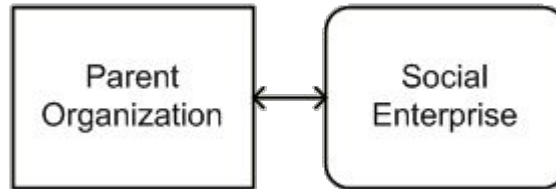
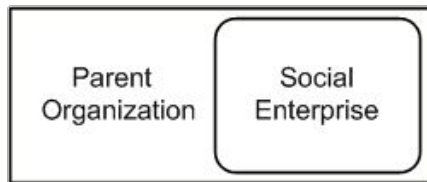
- Existing business
  - Partner with a nonprofit and donate time, money, or products
- New business
  - Identify a problem and the solution
  - Develop an action plan
  - Present plan to funders
  - Make sure you have experts to backup and support your endeavor



**START**

# Social Enterprise Structures

- May be structured as a dept, program, or profit center within a nonprofit
- Can be a subsidiary of nonprofit (registered as either a for-profit or nonprofit)
- Can be same entity as parent org - social enterprise is the only activity of the org
- Legal regulations can be determined by:
  - Nature of business activities - related or unrelated to org's mission
  - Use or destination of earned income - to mission activities or other purposes
  - Source of income - general public, clients, government, donors, etc
  - Amount of income earned through social enterprise
  - Combo of the above







# Key Aspects to Getting Started

1. Figure out your market
2. Get some advice
3. Have a clear social mission
4. Figure out the financials
5. Legalize it
6. Tell people what you are doing!
7. Create a business plan
8. Prove you're making a difference





# Elements of a Successful Social Enterprise

- Sustainable - How can revenue be diversified?
- Socially inclusive workplace
- Diversifiable - How can the organization offer products and services that may serve multiple groups?
- Professional - Do employees have proper training to perform their jobs?
- Easily replicated
- Value addition - How are you adding to the current ecosystem?
- Reactive - How is the organization responding actively to social needs and providing solutions to problems in the community?



## 4 Essential Pillars of Social Entrepreneurship

- Social mission over financial mission
- Innovative solution to social and environmental problems
  - Also considering how these solutions can be scaled up to benefit a larger segment of society
- Self-sustaining business model
- Impact that can be measured
  - Measured based on org's action on the well-being of society (includes community, environment, and economy)



# Triple Bottom Line - Profit, People, & Planet

- Accounting framework that measures a business's success based on its social, environmental, and financial impacts
- Commitment to corporate social responsibility & impact on environment over time
  - Corporate social responsibility means operating in a way that enhances society and the environment instead of degrading it
- Operates on the principle that if an org only looks at profits, by ignoring people and the planet, it is not accounting fully for the cost of doing business
- Helps raise morale and brand image of companies
- Examples:
  - Ben & Jerry's - Is against the use of rBGH and GMOs. Promotes fair trade and climate justice.
  - LEGO Group - Formed partnerships with World Wildlife Fund, and has committed to reducing carbon footprint. Working toward 100% renewable energy capacity by 2030.



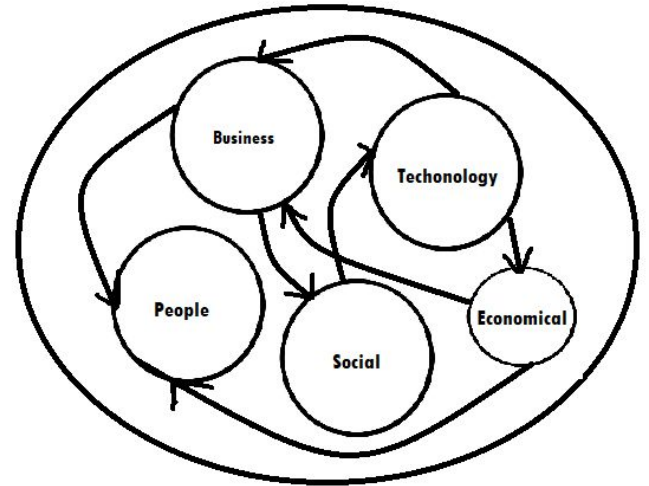
# Management Styles

- Productive - purposeful individual who focuses on attaining outcomes and performance
- Integrator - connects people with each other, integrates people's needs with demands of the task at hand and integrates the parts of the organization
- Administrator - focuses on procedures and generates structured processes of control and evaluation
- Entrepreneur - innovative, creative, and independent person



# SUPER IMPORTANT: Understand Your Ecosystem & What Your Role Is

- Just because you build it, doesn't mean they will come aka "It's not all about you"
- Systems thinking is key
  - What factors and interactions could contribute to possible outcomes?
- Meet with stakeholders from across the system and create a map
- Do an audit of the community assets that are already in place





# IDEAS?

[Here are 19...](#)

