

A Guide for Social Entrepreneurs - *Telling our story*

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RACONTEUR – Creating enterprise through stories

Our communities are going through a period of transformational change as traditional sources of funding for social causes are drying up while needs are increasing.

This change is creating opportunities for leaders of social enterprises... leaders who recognize this new reality and are willing to incorporate entrepreneurial principles, develop communities of common interest and seek innovative ways of creating revenue.

I work with leaders and the leadership of enterprises interested in taking advantage of the opportunities created by changing circumstances.

I use my own entrepreneurial and business experience, the experiences of other entrepreneurs, plus what I have learned as a university professor to help leaders and the leadership of enterprises increase their chances of success. I collaborate with them as we create, tell and live our story in order to connect with, inform and engage those we serve and those that contribute to our success.

During a period of transformational change in the North American Energy Industry I was given the opportunity to lead the operating division of a large energy utility. The utility employed 750 people and served hundreds of thousands of customers. I told my story of what was possible and how that would serve our interests as well as the interests our customers, our shareholders and the communities in which we operated. I then listened as all 751 of us contributed ideas on how we should progress and identified resources that would contribute to our success.

I contribute ideas and processes tailored to the individual enterprise... those that will engage others in contributing ideas on how we can progress. Of prime importance is engaging others in the implementation of initiatives that will enable the measurement of that progress,

My goal is to contribute to the success of leaders and the leadership of enterprises focused on social issues. I accomplish this by helping them become more entrepreneurial and by aiding them in engaging others to capitalize on the opportunities created by change.



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1. Where can we find the money to meet the needs of those we serve?

Our communities have always relied upon social enterprises to step in and help when business and governments were unable or unwilling to contribute to the well being of others or take proper care of our environment.

In our current tough economic times, traditional sources of funding for social enterprises (governments, foundations and businesses) are drying up while the needs of the community are increasing. Reduced tax revenue and increasing demands limit our governments' ability to support worthy causes. With falling revenues and profits, businesses are cutting things that are "nice to do", and shrinking funds means foundations have less money to distribute.

This will hit the small not-for-profits the hardest. Since 5% of the not-for-profit enterprises in Canada receive 85% of charity dollars, the larger ones will be better able to survive.

Thus, with the downturn in our economy and more people needing help, we are asking fewer and fewer social enterprises to make an even greater contribution to our communities. If our social enterprises are going to not only survive but also take on these increasing demands, we need to change the way we engage the community, business and government in social issues.

Not-for-profits will go under because "they want to do the same things the same way - because they don't want to look at partnerships," said Rick Blickstead, CEO of the Wellesley Institute.

But it is not just community social agencies that are suffering. Any group, including education and the arts, relying upon government funding for all or part of its revenue is in difficulty.

In many areas our education system is under pressure to reduce costs or to find additional sources of funding.

On Friday, July 24, 2009 BC School Sports reported the following:

"BCSS, the governing body responsible for the delivery of high school sports and programs across the province of British Columbia through its 425 member schools, received notification that the entire provincial government operating grant for the organization had been cut. This is a devastating financial blow for BCSS (which will directly impact over 100,000 student-athletes) as there had been no communication, consultation or indications of any funding cuts prior to the announcement of this decision."

The Vancouver Sun (September 8, 2009) reported that "Vancouver School Board Trustee Allan Wong predicts students will be the losers if operating funds

must be used to maintain schools.”

On September 19, 2009 the Globe and Mail reported on funding cuts for the arts. “It’s brutal,” said Amir Ali Alibhai, Executive Director of the Alliance for Arts and Culture, which represents hundreds of arts organizations. “Certainly there are going to be companies that fail and will not be able to continue without this funding.”

Many social enterprises have recognized that a continued focus on traditional sources of revenue reduces our ability to sustain our work and have begun to embrace entrepreneurial principles and practices to further their mission.

In order to prosper, community social agencies must not only look for innovative ways to find resources, but also innovative ways to deliver services to their clients.

So the social entrepreneur is constantly working both sides of the street... engaging people in ‘how do we raise more money’ and ‘how do we serve more clients more effectively’.

But the road travelled by the social entrepreneur can be a tough uphill struggle unless we are prepared for the journey. The Toronto Enterprise Fund states that only 50% of social entrepreneurship are successful and it takes five to seven years before most are successful.

This compares to for-profit enterprises where at least 80% fail. Why the better success rate in the not-for-profit world? Most business entrepreneurs can’t afford to keep an enterprise alive for seven years. This means in the not-for-profit world, for up to seven years Boards are allowing the business to live off the resources of the not-for-profit.

The book **Mission Inc.** details some of the reasons for failure:

Mission Inc.

Why traditional business fail

Lack of cash
Lousy marketing
Failure to innovate
Poor customer service
Inefficient operations
Lack of leadership
Unhealthy culture
Lack of business skills

Why social enterprises fail

Lack of cash
Lousy marketing
Failure to innovate
Poor customer service
Inefficient operations
Lack of leadership
Unhealthy culture
Lack of business skills
Unwarranted optimism
Failure to cut losses
Belief that mission will prevail over reality

Others suggest that not-for-profits are poorly organized for marketing products/services due to confusion between clients and customers and non-economic measures of progress.

We enhance our chances of success if we

- are clearly focused on what we want to achieve
- explore the options available to us
- engage others in our venture
- progress in a step-by-step manner
- ensure that we do not move into marketing and manufacturing products or services in a competitive business environment before we are ready.

On the positive side, we have a head start because today we already operate an existing social enterprise. What we are going to do is to begin to use entrepreneurial principles to enhance our enterprise.

This guide is designed to increase our chances of success by directing us through a step-by-step process, and while each step is incremental, the overall change is transformational.

This guide explores the possibilities for social enterprises to become social entrepreneurs, from the simplest to the most complex. It does not propose that social enterprises walk away from current sources of revenue but rather, over time, diversify sources of revenue and place more emphasis on revenue earned from secure sources in order to ensure sustainability. The key word is “earned”.

This document is a learning guide. It is designed to help leaders of social enterprises learn about and explore the options available to them – options that will enhance their ability to deliver their mission in a more self-sustaining manner by engaging the community in social issues.

2. Why do we have to change what we are doing?

"Today, I will speak of change, of need, but mostly of 'necessity, the mother of invention'."

Victor Hugo 1852

The change we are seeing in our communities and how we finance aid to those in need is not incremental but transformational.



Increasing needs

The current recession means rising unemployment, forcing more people to rely on our communities for support for themselves and their families.

Traditional sources of \$\$ are being reduced

The traditional sources of funding for not-for-profits - namely foundations, government and business - are seeing their funds eroded.

The decline in the stock markets means foundations have less money to invest and thus less to give to their not-for-profits. Governments and businesses have less revenue and begin to focus on the need to address items on their 'have-to-do' lists and cut back on the 'nice-to-do' things. Unfortunately, donations often fall into that category.

Fewer not-for-profits

The Wellesley Institute - a Canadian think tank that focuses on urban health and social policy - estimates that between 10,000 and 12,000 of Canada's 60,000 not-for-profit enterprises will not survive the current economic downturn. For some not-for-profits, this means that unless they merge with others, they will close their doors and their clients will be left un-served.

Business and governments seeking strategic partners

With declining revenues, governments and businesses are changing the way they select not-for-profits with which to become engaged, seeking only partners that can have a positive impact on their public relations and their bottom line. A December 2006 Harvard Business Review article provides suggestions to business on how to select those not-for-profits that they support. They recommend to businesses that they select social agency partners on a strategic basis - by identifying and partnering with those that can contribute to minimizing the impact of their operations and contribute to their bottom line.

The need for innovation

With less money and greater needs, we must find more innovative ways to serve those in need throughout our community. We need more social entrepreneurs.

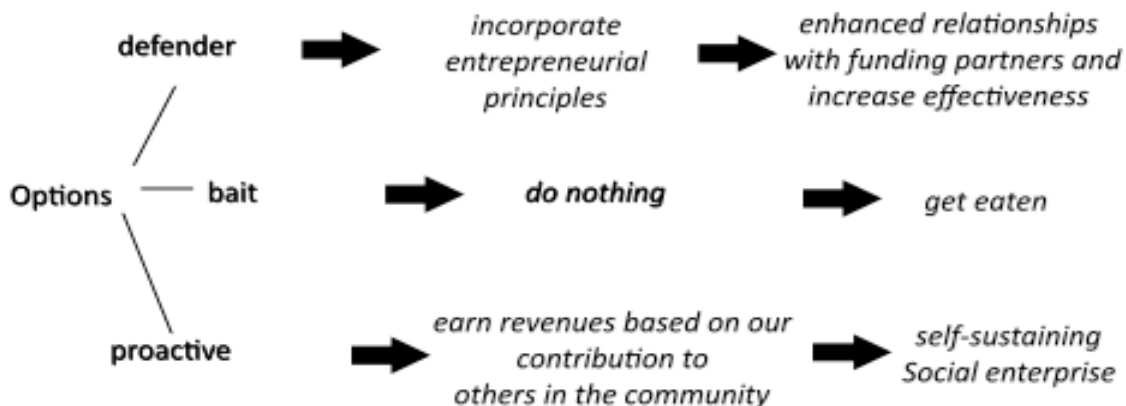
3. So what can we do?

We can either see ourselves as victims of change or view change as an opportunity to better serve our community.

We can do nothing; we can incorporate business principles into our not-for-profit enterprise; we can earn revenues based on our contribution to others and the products and services we market.

There is nothing wrong with any of these options - they simply have different outcomes - as long as we realize that by doing nothing, we are actually making a decision about our future.

So what can we do?



Do nothing

This is the “let’s continue on the same path” option. If we select this option we need to be aware that, given the times we are in, our survival is threatened. We need to look around for potential partners that would be capable of fulfilling our mission, and identify them while we have something to offer.

Incorporate business principles

This involves running our not-for-profit using sound entrepreneurial principles. The idea is that these will help us create a clear focus for our enterprise, thus attracting more resources and ensuring that, of the money that we raise, more goes to those you serve.

Earn revenues based on our contribution to others and the products/services we market

The focus is on becoming self-sustaining: earning revenues by contributing to others or marketing products/services.

The choice is ours.

4. What is a social entrepreneur?

“Those who give their money --- have become frustrated: despite billions of dollars given each year to eradicate poverty, illiteracy, and other blights, they sometimes feel as if relatively little gets accomplished.”

Ken Dychtwald
With Purpose

Entrepreneurs can be found in enterprises of all sizes. It is not the size that is critical - it is how we approach changing circumstances.

The words that relate to an **entrepreneur** are engage, change, opportunity and innovation.

An entrepreneur is an opportunist who is able to engage others in finding innovative ways to take advantage of changing circumstances.

As an entrepreneur, rather than being a victim of change, we are continually seeking ideas on how to take advantage of it. We recognize the need for constant change.

As a social entrepreneur, we need to operate with a service/quality/profit and loss mentality. We combine business principles and social mission. We can be either a not-for-profit or a for-profit business. The key is that we deal with a social issue.

As a non-profit, we are beginning to operate like a business, and as a business, we are focusing on solving a social issue.

The difference is that not-for-profits, as Jeffery Hollander of Seventh Generation says:

“ We are not in business to be in business, we are in business because of our mission.”

What Mr. Hollander fails to recognize is that businesses do not have a mission to “be in business” nor do they have a mission to “make a profit”. They are in business to meet the needs of their customers. That is their mission.

The only difference between a for-profit social entrepreneurship and a not-for-profit is that, in the case of the former, revenues in excess of costs go to the owners as a return on their investment. They may be put back into the enterprise as a resource to further their mission. In the latter case, they are used only to further the mission.

5. How do I become a social entrepreneur?

“Social business entrepreneurs can help make the market work for social goals as efficiently as it does for personal goals.”

- Muhammad Yunus

Entrepreneurial Principles

There are a number of reasons for incorporating business principles into our social enterprise, but the primary one is that it just makes good common sense.

Incorporating business principles allows us to:

- remain in business to help those we serve;
- protect those we help from the fluctuations in the ability of donors to support our cause;
- more efficiently deliver on the promise of our mission;
- position our not-for-profit relative to others;
- focus on results.

Here are the entrepreneurial business principles we need to incorporate into our enterprise:

Be self-sustaining - Operate at a level that has some assurance that we can be sustained, given conservative estimates of future funding and revenue. This may mean trimming our operations to match our financial situation. We are not poor but we must be prudent. We need to stay in business long enough to get lucky.

One of my children works for a small high tech company. They have been in business for five years and have yet to make a profit or to have revenues in excess of their expenses. But between the revenues they are forecasting and investments their investors have committed to, they are comfortable that they have a couple of years in order to grow their business. Should revenues start to fall, or one of their investors withdraws, then they would need to find another source of funding or start cutting costs.

Welcome change - Be prepared for rapid change. Continually seek for opportunities to exploit change. We need to recognize that change is good. We can find ways to take advantage of change.

Focus – We don't do everything. By narrowing our focus our mission becomes clearer. We become more efficient and others will understand when and how to engage with us.

Capitalize on our unique strengths - If we are in the top 25% of service providers, find someone who isn't and offer our services.

Stop doing those things that do not contribute to our story and our success.

Partnerships – Form strategic alliances to conserve precious resources and extend our reach. Seek mutually beneficial partnerships with not-for-profit and for-profit enterprises. Partner only with the best.

Form – When looking at projects or startup entrepreneurships, choose the form that can easily finance growth, either for-profit or not-for profit. Whatever the form, not profitable is not an option.

Assign responsibilities - Expect people to take responsibility for delivering on their commitment. Find a champion with the passion to get the enterprise through the rough times.

Transparency and accountability - All aspects of our operation need to be open and we need to be accountable for our results in order to continue to receive investments and revenue. We must constantly communicate the good news and the bad with our Board of Directors, employees and all other interested stakeholders.

Financial management – Develop a financial reporting system that properly accounts for all costs and allows us to understand our financial health at all times. Be prudent but not poor. Being lean, however, is one of the most socially responsible things we can do.

Expect to be paid for results, not mission – People are not interested in providing us with resources based on the number of people we deal with, but rather the number we can demonstrate we help. We do not measure efforts – just the results of our efforts. Social entrepreneurs are as passionate about measuring results as they are to their cause. Instead of measuring the number of people that we enroll in classes, measure the number of people that we help find jobs and how long they remain employed. With this kind of information we can then create a business case for our enterprise. Measure our contribution to our common social interest.

Measure the measurable - Measure those things that impact our ability to deliver on our mission. We don't need to own it to control it. Do what we do best and get rid of the rest. Take each and every activity and ask if it needs to be done and ask how well are we doing it. (See Appendix A)

Scalability - Do more of the things we do **well**... not more things.

6. How do I tell our story?

“The most important thing a company can do is to determine what business it is in.”

-Peter Drucker

Our Purpose/ Our Brand/ Our Story

Our purpose

Charles Revson, the founder of Revlon Cosmetics, was once asked to describe his business. He responded, “in our factories we blend cosmetics - in the stores we sell hope.”

Today this is called “purpose-based-marketing”. It means that we describe what we are doing in terms of how we make the reader’s life better. Defining our purpose determines our clients, our customers, our products and our services. The most successful airline in the United States - Southwest Airlines - originally defined its purpose as “enabling grandparents to visit their grandchildren”. So they saw their main competitor not as the other major airlines but as the Greyhound Bus Line.

Changing our purpose can have a dramatic change on what we do, how we do it and who benefits from what we are doing. Pampers, the diaper people, changed their purpose from “keeping babies’ bottoms dry” to “helping mothers raise healthy, happy babies”. Think about how that changed the products and services the company markets.

We need to define the purpose of our social entrepreneurship in terms that our audience will appreciate, and how they will benefit from doing business with us.

Our brand

Our brand (not our logo) is the image and thoughts created in people’s minds when they see something related our enterprise.

We build that image in our minds the same way a little bird builds a nest - a little twig from here and a little piece of string from there. The image you have in your mind when you hear the name of a product or see a logo may be quite different than mine because we have had different experiences and collected different information.

Today we depend less on advertising and public relations to create our brand image. We depend more upon the information we receive via word-of-mouth from friends, the Internet and social media.

This means it is important that everyone in and associated with our social entrepreneurship knows our story.

Some brands are so powerful they are very difficult to change.



Historically the Red Cross meant “help”. In my mind, I can always see images from old war movies where the army ambulance with the Red Cross on the side is plowing into battle to help the wounded.

Following that, the Canadian Red Cross took over the collection and distribution of blood, thus the image in many peoples’ minds became the symbol of blood. Now that the Canadian Red Cross is no longer in the blood business it must re-brand itself - it must as an enterprise tell a new story because our story is our brand.

Our Story

A story takes a vision, puts it into context, and then adds some passion to make it memorable and compelling. A compelling story takes an idea and moves it from our head to our heart to our gut... from “I think we can do it” to “I sure hope we can do it” to “we will do it”.

Our story is how we connect with, inform and excite others, engaging them in helping our enterprise progress. Our story answers the reader’s question, “What’s in it for me?”

To engage others in our social entrepreneurship we must create a clear and compelling story that communicates the following:

- **Information and context relative to the opportunity** –the information and background for the issue we face in terms the audience will appreciate; what is affecting our world; “The Forces of Change” and why what we are doing presently is unacceptable; why we need to change what we are doing
- **The opportunity** - the possibilities available to us; what makes our future promising if we are successful

- **Who we are** – what it is that would lead someone to believe that we can take advantage of the opportunity; what are our abilities, capacity and desires
- **Our purpose** – what business we are in from the perspective of the customer, client and the community (not what we are doing, but what their impression is of our benefit to them). To reiterate, Revlon Cosmetics’ purpose is to sell “hope”; South West Airlines’ purpose is to “help grandparents visit their grandchildren”; Pampers’ new purpose is “helping mothers raise healthy, happy babies”. Our purpose will determine the people we hire, the products/services we market and the partners we will seek.
- **What we do** – how we will take advantage of the opportunity
- **What we contribute** – how what we do contributes to the success of those we serve – our clients, families, customers and our communities
- **Acknowledgement of others’ interests** –the specific interests of each of those to whom we contribute
- **How we will measure our success** – how we will measure our results in ways that others will appreciate – not just what we do, but the results of our efforts - what we expect to be paid for
- **Our interests** – our specific focus for the near future

Our story is ever evolving as we receive more information and as new opportunities present themselves.

7. How do we connect with, inform and excite people?

“The success of our enterprise depends upon the strengths of our relationships”

Roger Chilton

Engaging those that contribute to our success

In the mid 1980's I was Vice President of Marketing and Planning with a small regional energy utility. We had for 50 years been very successful at providing natural gas to the homes and businesses throughout the interior of British Columbia. However, our industry was changing rapidly, and we could foresee an even greater change on the horizon - that governments would stop regulating parts of the industry. We knew we were too small a company to survive in the new competitive future.

Our options were to do nothing and be a takeover target, or to find ways to become large enough to be a meaningful participant in the new future.

We chose to control our own destiny. We were successful in acquiring the natural gas operations of a crown corporation three times our size.

I was appointed Vice President Operations of the acquired business with the mandate of changing the culture and the way we operated from that of a crown corporation to that of a customer focused energy company - with the ability, capacity and desire to take advantage of the opportunities that the changes would present.

In charge of utility operations, I had no experience operating an energy utility - never mind changing how we did business. I knew my only chance of success was to engage as many of the 750 people as possible in creating the change.

I met with everyone - in groups as small as five and as large as thirty. I told them my story. A story about the forces of change that we were experiencing, the options as I saw them and the opportunities that change created. A story about who we were, what we did and what we could be.

I then listened as those interested told me about their desires. Together we developed ideas about how we could progress.

Those ideas we used as the basis of initiatives that would move us from being an energy utility reliant upon government regulation for survival to a customer focused energy company paid for the services we provided.

We change the way we do business every day. We do it to meet changing demands and expectations and because we are interested in improving our performance and becoming more successful. As social entrepreneurs, we must always be seeking ways to change who we are and what we do to take advantage of changing circumstances.

The key to success is connecting with and engaging others in our enterprise and building ongoing relationships. Without relationships there is no enterprise.

To create a successful enterprise we must build successful relationships. We rely upon our relationships for our success; our relationships are our resources.

To build successful relationships we must understand their nature. They are created when we pursue our personal interests by serving the personal interests of others, and when we pursue a common interest with others. Relationships are created through communication. Successful relationships are based on trust and caring.

To engage with us, as we take advantage of the opportunities created by change, people need to know:

- why the present is not acceptable
- why by joining us the future is more promising
- that we know how to get to that better place
- that we know who they are
- that we know what they care about
- that we care about them
- that there are new opportunities for personal growth

We engage those interested in contributing by telling our story and listening as people share their ideas with us.

Idea Forums

In 2007, when I started working with the BC Federation of Foster Parent Associations, they were going through transformational change. The provincial government had dramatically cut their funding and they had just elected a new President. President Melanie Filiatrault was determined to set a new direction for the association and to engage foster parents and the provincial childcare system in contributing to her new goals.

The new focus for the Association was to:

- a) Help foster parents prepare children and youth to be contributing members of our communities.*
- b) Engage the community in caring for children and youth before, during and after foster care.*

Once we had developed Melanie's story, we engaged foster parents and members of the provincial childcare community in **Idea Forums**. In this setting, Melanie told her story and we engaged those attending in contributing their ideas – ideas on how we should progress and how we should measure our progress. From hundreds of participants we received hundreds of ideas.

Those ideas - on how we can progress and how we can measure our progress - became the foundation for provincial, regional and individual initiatives.

The important thing to remember... we engage others by telling our story of what is happening and the possibilities we see, and then listen as those interested people provide ideas on the opportunities for us to progress and how we can measure our progress.

8. How do we become more self-sustaining?

“Ask ourselves given the specific environment in which we operate, can we be more effective in delivering on our mission working together with one or more organizations or by working alone.”

Mission Inc.

Opportunities to be self-sustaining

Our goal is to generate more investments in and revenues from our social enterprise. The mindset is focused on helping those from whom we receive investments and revenue to be successful.

a. Philanthropy

Becoming a self-sustaining creative entrepreneur does not mean cutting our ties with those that currently fund our enterprise, but rather strengthening those relationships. Operating using entrepreneurial principles, having a clear compelling story and reporting results will encourage our existing investors to increase their investments. It will ensure their ability to provide us with word-of-mouth marketing to encourage new investors.

We must understand the mandate and the expectations of those that invest in our efforts in order to ensure that we are providing them with the information they need to continue their support.

b. Causes

Generic issues can contribute to the success of the investor if they are turned into **causes**.

“Cause marketing or cause-related marketing refers to a type of marketing involving the cooperative efforts of a "for profit" business and a non-profit organization for mutual benefit.” -Wikipedia

Before creating a cause and associating with a for-profit enterprise we need to do our homework. Seeking a partner will put us under more intense scrutiny than simply asking for a donation. It means we need to scrutinize the partner, because our brands will now be tied together. *Business for Social Responsibility* states that in a true partnership, honesty, integrity and mutual esteem are critical.

Do not assume anything. We must check:

- their story and goals
- the community's perception of the company and their brand, i.e. whether their brand will have a positive impact on the program (often a search of the media, Better Business Bureau or internet can provide the information you need)
- whether the company has received any rewards
- their history in the community, their turnover of employees and their geographic reach
- whether the enterprise has the financial ability to be a viable partner

When we approach a potential partner, remember that we are offering them a marketing opportunity – an opportunity to raise their profile with their customers, their investors and most importantly our community. We are offering them:

- increased awareness
- enhanced community image
- product and service differentiation
- increased sales and profitability
- enhanced employee morale
- ability to attract better employees

They will scrutinize us as well, and we will be faced with plenty of competition. We need to compare our story against other causes. The work we have already done on our story plus our entrepreneurial principles are essential to attract a for-profit partner. Our partners will want to know:

- our story
- our target market
- how the community perceives us
- how we compare to other groups with causes
- our record of innovation
- the competency of our Board and management

The key point is that a **cause** is a partnership between a not-for-profit and a for-profit company. In order to create that partnership we need to “own” that

cause - at least within our geographic area. Our partners will want to make sure that we have a very clear focus, that we are able to tie our initiatives to results and that we are recognized by our community as leading the “cause”.

We must be able to relate the success of our partnership to the success of our mission.

c. Becoming a contributor

Becoming a contributor does not suggest that we abandon our current philanthropic or cause-related programs and relationships but augment those programs.

As a contributor to the success of others we move our creative entrepreneurship from a ‘nice-to-do’ to a ‘must do’. Why? Because without us they will be less successful.

We can contribute to the success of two groups:

- other social agencies
- business and government agencies

To other social agencies

There is an opportunity to engage other agencies where we can contribute to their success. We all want to maximize the impact of our limited resources. The more we spend on administration the less we have to spend on our mission. By teaming up with others is there some way of increasing our effectiveness?

We must remember times have changed. Those who were not interested in the past may well change their mind after they listen to our story. So who are those others?

- A. Those with similar missions
- B. Those that can benefit from our operations and/or we would benefit from theirs
- C. Those that will benefit from our success

A. Those with similar missions

Identify the agencies in our community that have a similar focus or similar clients. Their focus may not be exactly the same as ours but close. We have already developed our story, so now is the opportunity to tell our story and engage other agencies in a conversation to generate ideas - on how working together can benefit the client.

B. Those that can benefit from our operations and/or we would benefit from theirs

Most agencies are already aware that sharing facilities and reception areas, etc. keeps costs to a minimum. The question is - are there other agencies that would benefit from some of the things we are doing or from our operating systems?

Think about areas in which we excel, and who might benefit from our skills and resources.

Conversely, think about areas in which we struggle, and who out there has those skills.

Our focus is on things we can do for them that will make them more successful. It's possible that our billing and accounting systems could be valuable resources for a small business in our area.

Instead of spending money shoring up the areas in which we are weak, let's build on our strengths and find someone else to assist in those weak areas.

Here is some advice from Mission Inc.

“Ask ourselves given the specific environment in which we operate - can we be more effective in delivering on our mission working together with one or more organizations or by working alone.

Be clear on your motivation to enter into a partnership and the motivation of your partner. Is it:

- **to expand your capacity or ability**
- **to extend your reach**
- **to lower your cost**
- **to provide more effective service and products**
- **to gain access to additional resources**
- **to improve your credibility**

Consider the form of partnership:

- **network**
- **coordination**
- **collaboration or**
- **co-operation**

Get it in writing”

C. Those social service agencies that will benefit from our success

There may be agencies to which our success will contribute to theirs, reducing the number of people they must serve or simply preparing those they serve so that once they take over they can make more effective use of their resources.

To business and government agencies

“The fact is, the prevailing approach to Corporate Social Responsibility (CSR) is so fragmented and disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society. If instead, corporations were to analyze their prospects using the same framework that guides their core business choices, they would discover CSR can be much more than a cost, a constraint or a charitable deed – it can be a source of opportunity, innovation, and competitive advantage.”

Michael Porter
Mark Kramer
Harvard Business Review
December 2006

Here our prospects fall into two categories:

- a. Those that our success will lessen the impact of their operations on the community
- b. Those that our success will impact their bottom line

Just as we are struggling in these trying economic times, businesses are also struggling - to maintain existing customers and add new ones, to keep their costs under control, to build relationships and to be perceived as a good corporate citizen. They also are seeking ways to lessen or offset the impact they make on the community. In this section, we will describe ways where we are able to create relationships with businesses or government agencies so that they see us as a ‘must do’ not a ‘nice-to-do’. This means the relationship survives even the toughest of times.

In the above quoted HBR article Porter and Kramer suggest to companies that they prioritize social issues into:

- Generic social issues
- Value Chain Social Issues
- Social issues that impact competitiveness and growth

An example of these is the issue of carbon emissions; it is a generic social issue to the Bank of Montreal, a value chain social impact issue to UPS and a

social issue of competitive impact to Toyota. Note that it is far less an issue to a car company such as Volvo whose brand is associated with safety.

The article concludes:

“Each company can identify the particular set of societal problems that it is best equipped to help resolve and from which it can gain the greatest competitive benefit. Addressing social issues by creating shared value will lead to self-sustaining solutions that do not depend on private or government subsidies. When a well-run business applies its vast resources, expertise and management talent to a problem that it understands and has a stake, it can have a greater impact on social good than any other institution or philanthropic organization.”

The authors are dealing with the issue from the perspective of a business. We can use the same thought process but from the point-of-view of a social entrepreneur, and can begin to identify companies that we are able to help. To do this we need to see them as our customers.

The key is to engage business and government organizations in ways that are appropriate to their individual strategies. By tying into their strategies we can actually help them find new ways of reaching their goals while benefiting the community.

Therefore, in addition to philanthropic and cause related customers we now have two additional target markets.

Once our story describes our purpose, and the contribution we make when we are successful in terms that others can appreciate, we will be able to demonstrate the benefit others will receive in terms that they can appreciate. In addition to a clear and compelling story, this means developing a business case that demonstrates the benefit they would receive.

We can contribute to their success by dealing with these two issues that limit their success:

- **Value Chain Social Issues** – issues that are significantly impacted by their company’s activities in the ordinary course of business. An example of this would be a delivery company’s impact on air quality or the impact that a company that sells its product in a bottle has on garbage by their bottles being thrown away.
- **Social issues that impact competitiveness and growth** - the external environment that affects the ability of enterprise to be competitive. An example would be the inability to hire a trained work force because schools are not graduating students with the necessary skills.

Value Chain Social Issues

Businesses continually seek ways to reduce or offset the impact of their operations on the community and the environment.

Examples of this are:

Courier services such as UPS may be interested in hearing from environmental groups that have programs for reducing air pollution.

Companies that sell their products in bottles often set up charities to collect those bottles, thus preventing the problem of street littering and/or reducing the cost of separating them from other garbage.

The lack of funding or lack of abilities is creating an opportunity for creative social entrepreneurs to step forward with solutions to problems created by business or government; or to provide creative solutions to the problems that government can no longer pay for. Creative social entrepreneurs can develop solutions to problems that governments or business are not capable or creative enough to see or not close enough to the situation to understand.

Our challenge here is to identify those organizations whose mess we are able to clean up as part of our mandate.

Social issues that impact competitiveness and growth

The Young Actors' Project is a for-profit social entrepreneurship in Vancouver set up to introduce elementary school students to drama and acting. "The program helps kids explore their imaginations, deepen their communication skills and build their confidence."

The project contracts with individual classes to come to the school and conduct three sessions with each class. The acting sessions are paid for by a combination of fees – those charged to the student with additional support from the school.

The project allows the school and each teacher to broaden the learning experience of the students at little or no cost.

On the other side of the coin, schools have great resources, such as knowledgeable teachers, facilities and equipment that are of great value to the community.

The closer a social issue is tied to the company's business, the greater the opportunity for the social enterprise to leverage the company's resources to benefit the community.

d. Start a social enterprise

“If there is a direct conflict between the business versus the social goal, the business has to take precedence or the enterprise will eventually fail.”

–St. John’s Bakery

The goal of many not-for-profits is to start a social enterprise that may earn revenues that can be used to support its cause and possibly even employ and train those they help.

This is not a task for the faint at heart or for those not familiar with running a business for not only are you entering into a competitive marketplace you are probably going to enter it with conflicting goals. One goal is to make and sell quality products that customers are willing to buy and the other is to be constantly training your clients so they are able to support themselves.

The second greatest challenge for an enterprise is to have someone reach into their pocket, pull out some money and say “I’ll take one of those”, to become a customer.

The greatest challenge is to have them do it again, and become a loyal customer.

Remember customers are not donors research shows that that people are prepared to give a social enterprise a chance. But if the product quality and the service does not match that of competitors the customer will soon be lost.

Operating as an entrepreneurship, including having a financial management in place we are better prepared to create a successful social enterprise.

Should we decide to start a small business we need to remember the statistics from the Toronto Enterprise Fund that 50% of all social enterprises that they finance fail and that boards should be prepared to wait for up to five to seven years before the enterprise begins making a positive contribution to the not-for-profit.

Selecting products and services

The products and services must be consistent with and reinforce our brand.

An example of this is the Seattle based social enterprise Moonjar <http://www.moonjar.ca>. Their goal is to help marginalized children better understand how to handle money. The products they sell engage children and families in conversations about money issues.

As with everything there are steps you can take that minimize the risk without seriously limiting your revenue and profit potential.

For example you may be able to retail products made by someone else until you are able to develop sufficient sales volume to support the production of the product. Find out what other similar organization are selling and see if you can sell those products. Again an example is Moonjar which would make its products available for other agencies to market.

This guidebook presents Social Enterprise as a strategic option and will not go into advise on how to run a small business. There are a number of organizations that can not only provide the advise you need but can also provide the funding to help you get started. In Toronto there is the Toronto Enterprise Fund <http://www.torontoenterprisefund.ca/> and in Vancouver enp enterprising non-profits <http://www.enterprisingnonprofits.ca/> and The Canadian Social Entrepreneurship Foundation <http://www.csef.ca/>

9. So what now?

“Addressing social issues by creating shared value will lead to self-sustaining solutions that do not depend on private or government subsidies”

Michael Porter
Mark Kramer
Harvard Business Review
December 2006

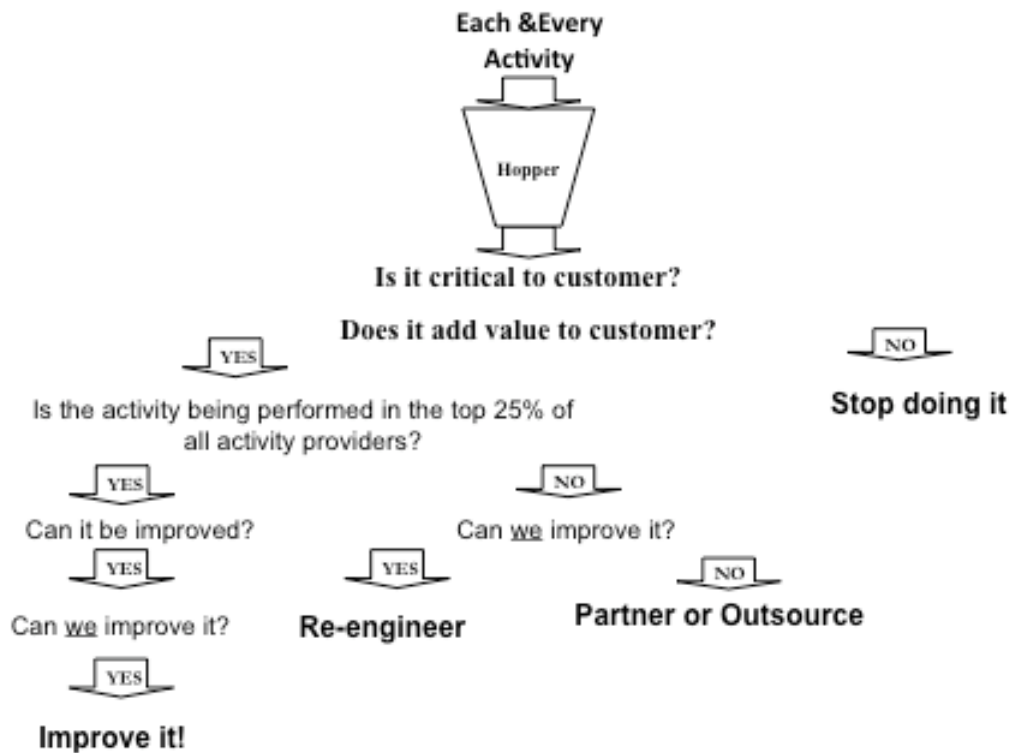
I have created this guide to facilitate work that I do with entrepreneurs that focus on social issues. In addition I hope it will be of value to others that believe that the solution to our communities social issues lies in creating self-sustaining social entrepreneurship thus reducing our reliance on government funding.

All comments on and additions to this guide will be greatly appreciated and can be sent to

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Appendix A

Measure the measurable -. Measure those things that impact our ability to deliver on our mission. We don't need to own it to control it. Do what we do best and get rid of the rest. Take each and every activity and ask if it needs to be done and how well are we doing it



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<http://www.enterprisingnonprofits.ca/>

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Books

Doing Well While Doing Good: How to Launch a Successful Social Purpose Enterprise Toronto Enterprise Fund
Jo-Anne Labored
Anjana Dooling
Marlo Taylor

How to change the World
D Bornstein

Enterprising No-Profits
Dees, Emerson and Economy
Mission Inc.

Free excerpts

<http://www.scribd.com/doc/11659866/FREE-EXCERPT-Mission-Inc-The-Practitioners-Guide-to-Social-Enterprise>

Preview

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Enterprising Non-Profits Program

<https://www.vancity.com/MyMoney/Aboutus/WhoWeAre/Subsidiaries/Vancitycommunityfoundation/newsletterspublications>

Courses

Canadian centre for Social renewal

Social Enterprises' Analytical Model Participant's and Trainer's Workbooks

http://www.cedworks.com/socialenterprise_01.html

Social Entrepreneurs

All-A-Board, Toronto

www.allaboard.ca

www.river413.ca

Le Bucafin, Trois-Rivieres

www.bucfun.qc.ca/zone_bas.htm

Centretown Laundry Co-op, Ottawa

www.centretownlaundrycoop.ca

Inner-City Renovations, Winnipeg

www.communityownershipsolutions.com

Inter-Cultural Associations of Victoria

www.icavictoria.org

Krackers Katering, Ottawa

www.krackerskatering.com

Learning Enrichment Foundation, Toronto

www.lefca.org

Ontario Service Safety Alliance

www.ossa.com

Potluck Café Society, Vancouver

ReStore, Habitat for Humanity, Nanaimo

www.habitatnanaimo.org/restore/index.htm

SARCAN Recycling Saskatchewan

www.sarcsarcan.ca/sarcan.htm

Summer Street Industries, New Glasgow

www.summerstreet.ns.ca

Vocational and Rehabilitation Research Institute, Calgary

www.vrri.org

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