



where social impact meets business strategy

Diversifying Revenue Streams and Increasing Impact with a Social Enterprise Model

Using the Power of the Marketplace to Fuel Social Impact

Nonprofit Learning Lab Workshop, March 6, 2023

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Learning Objectives

1. Gain a better understanding of the definition of a “social enterprise”
2. Learn about the many different business models that a social enterprise can undertake
3. Learn what to consider as you explore starting a social enterprise
4. Be able to start sketching out some business model ideas

Opening Poll

Which of the following best describes you or your organization at this time?

- We've been operating a social enterprise for a long time
- We started a new social enterprise not long ago
- We used to have a social enterprise but not anymore
- We're considering social enterprise opportunities
- I'm just curious about the topic

What is a Social Enterprise?

Per Social Enterprise Alliance's updated definition:

"A Social Enterprise is **an organization created for impact**. It uses a **sustainable and earned income business model** with a governing structure focused on stated social or environmental goals. It invests a significant portion of its revenue, profit or assets into expanding this stated mission."

Per Social Venture Network's definition:

"A social enterprise is a **business** whose **purpose** is to change the world for the common good."

Remain True to Your Mission

"We don't hire people to bake brownies; we bake brownies to hire people."
– *Julius Walls, Jr., Former CEO of Greyston Bakery*

Social Enterprise is agnostic to the legal structure – can be: nonprofits, for-profits, L3Cs, Benefit Corp.

Many Different Social Enterprise Business Models

A social enterprise can be multiple types in one:

- Employment: Permanent or Transitional Job Training
- Robin Hood
- Regenerator
- Waste to Value
- Other Ventures Focused on Environmental Sustainability
- Fee for Service
- Market Intermediary or Market Connector
- Cooperatives
- *and more...*

Select Case Examples: Employment

A social enterprise that provides either transitional jobs or permanent jobs for populations with employment barriers, and often in conjunction with other supportive services as well



TROSA (Triangle Residential Options for Substance Abusers)

TROSA We are a licensed treatment facility helping substance abusers become healthy, productive members of their communities and families.

Search [] Contact Us

- Program Services
- Social Enterprises
- How You Can Help
- About Us
- Donate

HOW WE IMPACT THE COMMUNITY

4k

TROSA Moving performed more than 4,000 jobs last year, saving lives one move at a time.

Learn more about our social enterprises

90%

Nine out of ten of our program graduates remain sober one year after completing treatment.

Learn more about our success stories

170k

Last year we provided over 170,000 days of service to our residents.

Learn more about our program services

Mission: TROSA is an innovative, multi-year residential program that empowers people with substance use disorders to be productive, recovering individuals by providing comprehensive treatment, experiential vocational training, education, and continuing care.

Location: Durham, North Carolina



TROSA (Triangle Residential Options for Substance Abusers)

Social Enterprise Type: Non-profit programs. **Employment: Transitional Jobs** during 2-year program

Founded in 1994 by Kevin McDonald

\$18,000 in 1994 → \$20M expenses in 2021-2022 (40% covered by earned revenue, excl. in-kind)

Social Enterprise Businesses:

- TROSA Moving and Storage – *largest independent mover in Triangle region, voted “Best” in region*
- TROSA Thrift Store – *gently used furniture, housewares, electronics, clothing, etc.*
- TROSA Lawn Care – *run and developed by a TROSA graduate, voted “Best” in region*
- TROSA Holiday Tree Lots



All managed & operated by residents and graduates of TROSA’s rehabilitation program

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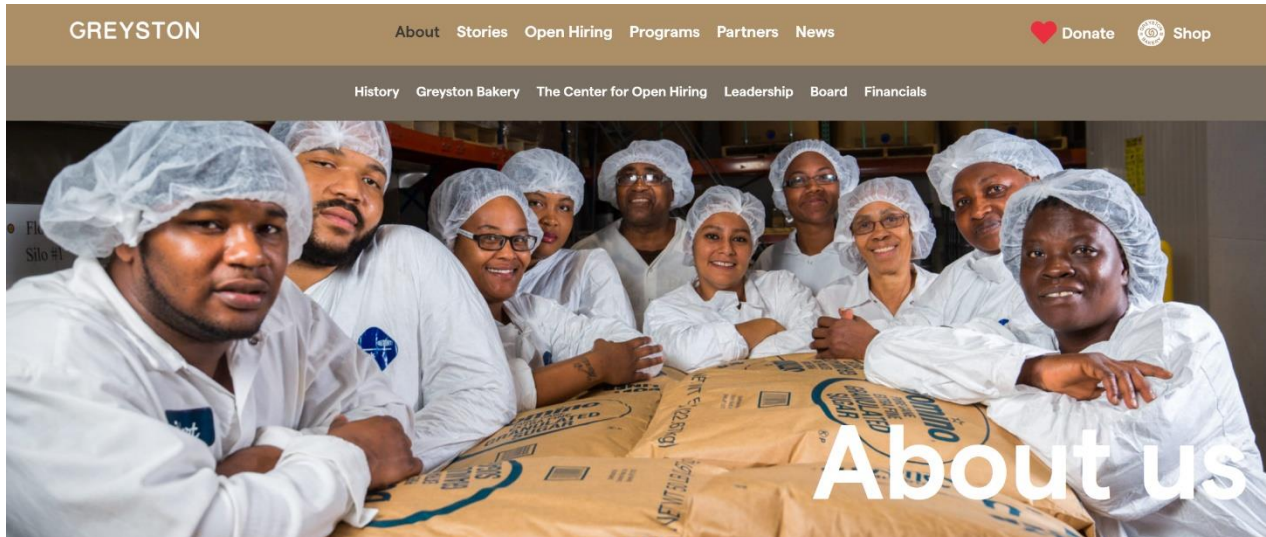
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Images from: <https://www.trosainc.org/>



Greyston Bakery



Mission: to provide employment in our bakery, and to further the message of inclusive employment through the work of our parent organization, the Greyston Foundation.

Location: Yonkers, NY



Our bakers are on a mission.

Our bakers operate a world-class food processing facility that produces 35,000 pounds of brownies every day. They all joined our team through Open Hiring.



Eat Brownies, Change Lives

Greyston Bakery

Social Enterprise Type: A for-profit certified B-Corp that's owned by nonprofit Greyston Foundation.

Employment: Permanent Jobs

Founded in 1982 by Zen Buddhist teacher Bernie Glassman

Consolidated revenue in 2020-2021: \$32.4M (90% from sales from for-profit operations)

Social Enterprise Business:

- Primary supplier of brownies for Ben & Jerry's – 7 million pounds per year
- Open Hiring™ Model for entry-level baker positions
- Wrap-around services to help employees remove obstacles to job success (childcare, housing, etc.)
- Annual full-time baker employee turnover: 12% vs. industry range of 30-70%

Relationship with Nonprofit Parent:

- Greyston Bakery pays Greyston Foundation a management fee to cover shared service expenses
- Excess profits from bakery operations either directed back to Greyston Foundation or reinvested into the Bakery

Select Case Examples: Robin Hood

A social enterprise that redistributes its resources and profits to support less marketable activities – revenues come from those who can afford to pay; paying customers may or may not use the same services as the beneficiaries

Concordia Place



A Place for All

Concordia Place is a vibrant mission driven organization providing multigenerational programs including early learning, after-school, and teen leadership for Chicago communities.

[Learn more >](#)

Concordia Place



Social Enterprise Type: A program of the nonprofit. *Provides private-pay, market-rate early childhood learning centers. “Robin Hood” model.*

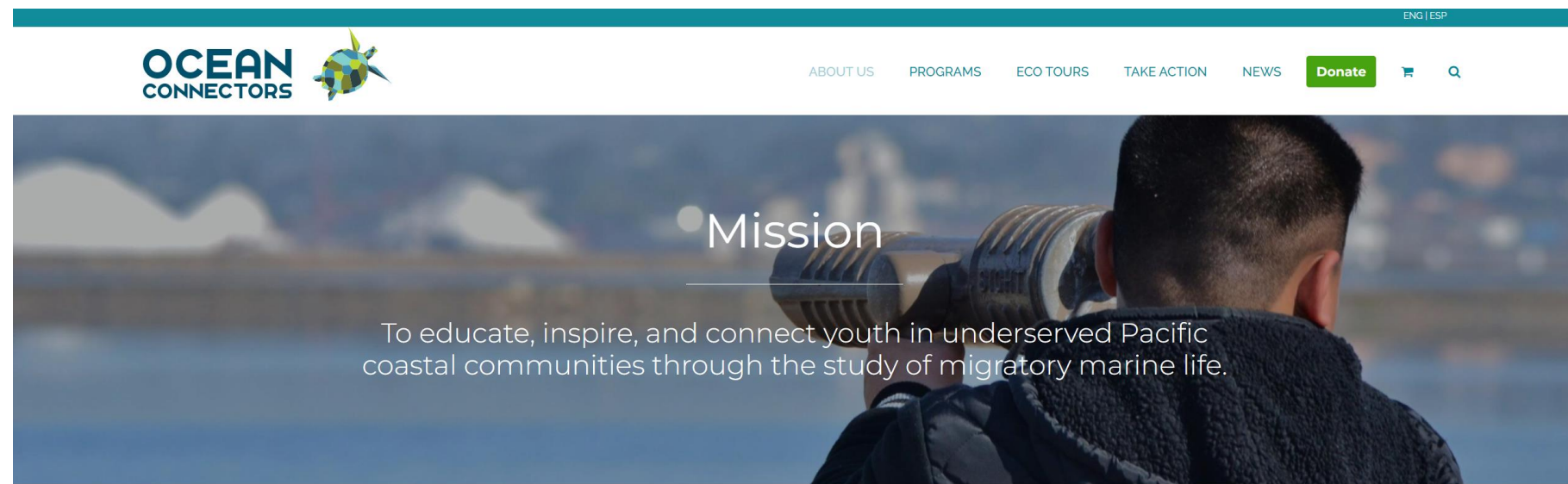
A “proactive solution to the ‘long-term-work-with-short-term-funding’ paradigm”

- Leverage >30 years of high-quality early learning curriculum and expertise
- Identified a market demand and willingness to pay for this service
- Margins support Concordia Place’s broader mission
- Expanded audience: families participating in fundraising for Concordia Place’s mission

Select Case Examples: Environmental Impact Focus

A social enterprise that exists to cultivate environmental stewardship or reduce environmental damage

Ocean Connectors



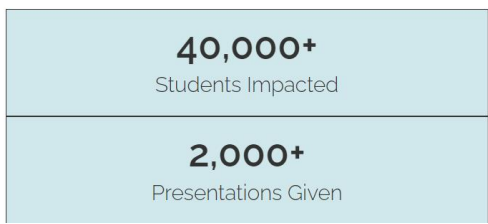
Mission: To educate, inspire, and connect youth in underserved Pacific coastal communities through the study of migratory marine life.

Vision: To cultivate a future generation of passionate, globally-aware, and empowered coastal residents who take active steps to enjoy and protect ocean health.

Location: San Diego, CA

Inspiring students to become passionate and empowered coastal residents

Ocean Connectors was founded on the realization that many schoolchildren do not have equal access to explore their coastal environment. Our vision is to cultivate a future generation of passionate, globally-aware, and empowered coastal residents who take active steps to enjoy and protect ocean health.



Ocean Connectors

**OCEAN
CONNECTORS**



Social Enterprise Type:

A program of the nonprofit. **Environmental Impact Focus + Robin Hood**

Background:

- Developed a marine conservation curriculum for coastal community schools, grades 4th-6th, engaging students in hands-on environmental education
- But: grants & donations alone do not sustain programs

Building on Their Assets:

- Existing expertise in conducting school field trips & developing marine conservation curriculum
- Existing partnerships with whale watching company & wildlife refuge

Social Enterprise Business:

- In 2015, launched **paid Eco Tours:**



Did you know that San Diego provides foraging habitat for the Eastern Pacific green sea turtle? This small feeding population consists of about 60 individuals, and they migrate to islands off the coast of Mexico to lay their eggs.

WILDLIFE KAYAKING

Includes a two-hour guided kayaking tour inside the South San Diego Bay. Kayakers use waterproof binoculars and field guides to observe wildlife as they paddle through the Chula Vista Wildlife Reserve with local experts leading the way.
[Click here to learn more!](#)

\$50.00 Adult
\$30.00 Child



Did you know that the Heermann's gull is the only North American gull that nests south of the United States and migrates north during the winter? Many species of migratory birds depend on our coastal bays, estuaries, and wetlands for survival.

BIRDING AND BIKING

Includes a two-hour guided bird watching tour around the San Diego Bay National Wildlife Refuge. Guests use binoculars, telescopes, and field guides as they bike the Bayshore Bikeway. Wildlife experts point out key local sights and bird species.
[Click here to learn more!](#)

\$55.00 Adult
\$35.00 Child



Did you know that between December and April, about 20,000 gray whales migrate along the coast of San Diego? Get an up-close view of this incredible journey, plus sea lions, dolphins, and more, with San Diego's most experienced crew.

WHALE WATCHING

Includes a three-hour guided whale watching tour departing from downtown San Diego. Guests use binoculars to observe wildlife aboard Flagship's *Marietta*. Experts share facts about marine life, local landmarks, and history.
[Click here to learn more!](#)

\$62.00 Adult
\$36.00 Child

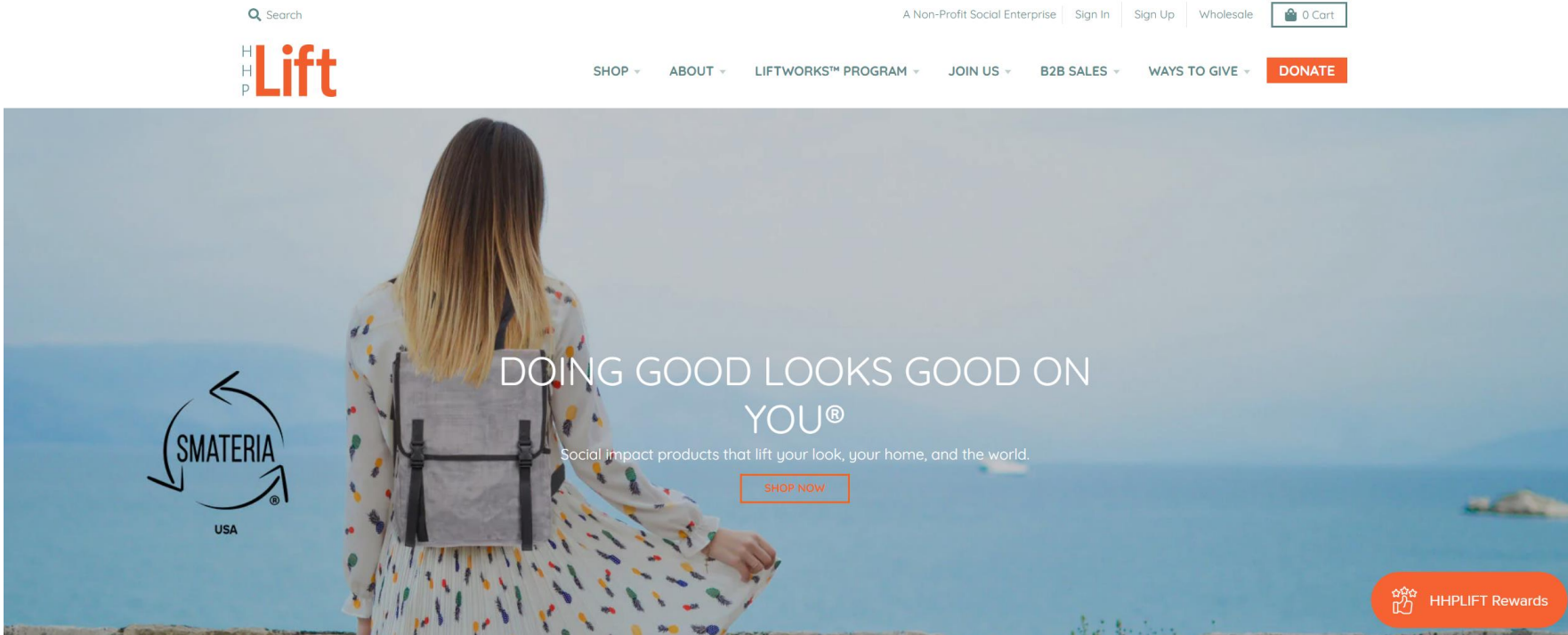
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Select Case Examples: Market Connector / Intermediary

A social enterprise that facilitates trade relationships, or helps distribute products/services, between beneficiaries and new / expanded markets

HHPLIFT



Mission: To forge economic independence through workforce and business opportunities for people overcoming barriers to fair wage employment.

Location: Chicago, IL

HHPLIFT



Social Enterprise Type: Nonprofit. **Market Connector / Intermediary**

Social Enterprise Business:

- Founded in 2007, HHP (now HHPLift) supports social enterprises and fair trade artisans from around the world, who have a common goal of providing jobs to those with barriers to employment:
 - Introduces their goods to new distribution channels and a wider audience than otherwise possible
- HHPLift also started its own LiftWorks™ Program, directly employing individuals with barriers to employment in Chicago

Is It Really a Good Idea?

– *Key Feasibility Considerations*

Feasibility Assessment – Internal Factors

1. How well does the new venture align with your mission and values? How will it help achieve your mission?

For example:

- Your mission is about lifting individuals out of poverty → a business that hires and trains them could be a good fit

2. Does the new venture leverage your existing core competencies to reduce effort and enhance competitiveness?

Ask yourself: What do you already have and are already good at doing? Can you leverage that and sell it for a price?

3. Is there strong support from the key players (e.g., Board, leadership, staff, key partners, potential funders, etc.)?

- Show them the value proposition, market analysis, and financial *pro forma*
- Involve key players in ideation and start-up process
- Have candid conversations about the potential financial risks and what are the exit strategies
- Form partnerships where it's helpful
- *Beware of “over-eager” Board members*

Feasibility Assessment – Internal Factors *(contd.)*

4. Are you able to set up the needed core operational systems?

- For start-up, need at least basic infrastructure, systems and processes to run a business
- To scale, invest in more robust systems and processes

5. Are you willing to recruit and train the needed staff to run the business venture? (also Board)

6. Are you able and willing to instill an entrepreneurial culture in the organization? May be especially hard for a large, established nonprofit.

7. Have you gotten legal advice on: (re-)structuring needs, legal forms, UBIT (unrelated business income tax) risk, etc.?

Feasibility Assessment – External Factors

A. Will there be sufficient market demand for your products or services at the desired price & margin?

B. How strong is the competition? Can you compete successfully? What are your competitive advantages?

C. Financial Analysis:

- How soon can you break-even, in the best and worst cases?
- How much capital will you need before you turn a profit? Can you feasibly secure that?
- How much upfront investment is needed?
- How much financial risk is there? What if your organization's risk tolerance?
- How scalable is the business?

D. What are the potential risks to your brand and reputation?

E. Are there any additional intangible benefits?

- For example: expanding to a new audience, earning a seat at a “new table” that helps with your other advocacy efforts, etc.

Conduct market research. Find ways to test feasibility in small pilot runs.

Key Takeaways

Social Enterprise can be super impactful, but... it's not easy!

- Make sure the social enterprise is helping you achieve a “mission lift,” not resulting in a “mission drift”
- Mission may open doors or be a tie-breaker, but you must also provide competitive products/services
- There are risks with any new business venture – be sure to understand them
- Just like any entrepreneurial activity – be ready to fail fast, learn fast, and pivot when needed



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Thank You! Any Questions?