

Social Entrepreneurship for Nonprofits

How to Accelerate Your Impact

October 25, 2022



Grant Deadline Reminder



Capacity-Building Grant

Opened October 3, 2022 | Closes November 11, 2022

Funding Partner:



LYDA HILL®
PHILANTHROPIES



Building Thriving Communities *for All*



CFT believes that providing nonprofit leaders with tools, knowledge, support, and an expanded network is integral to building thriving communities *for all*.

COMMUNITIES
FOUNDATION of TEXAS



C N M

Social Entrepreneurship Opportunities



Suzanne Smith, MBA
Founder, Social Impact Architects
Adjunct Professor, UTA & SMU
Resiliency through Social Entrepreneurship series.



SOCIAL

ENTREPRENEURSHIP FOR NONPROFITS

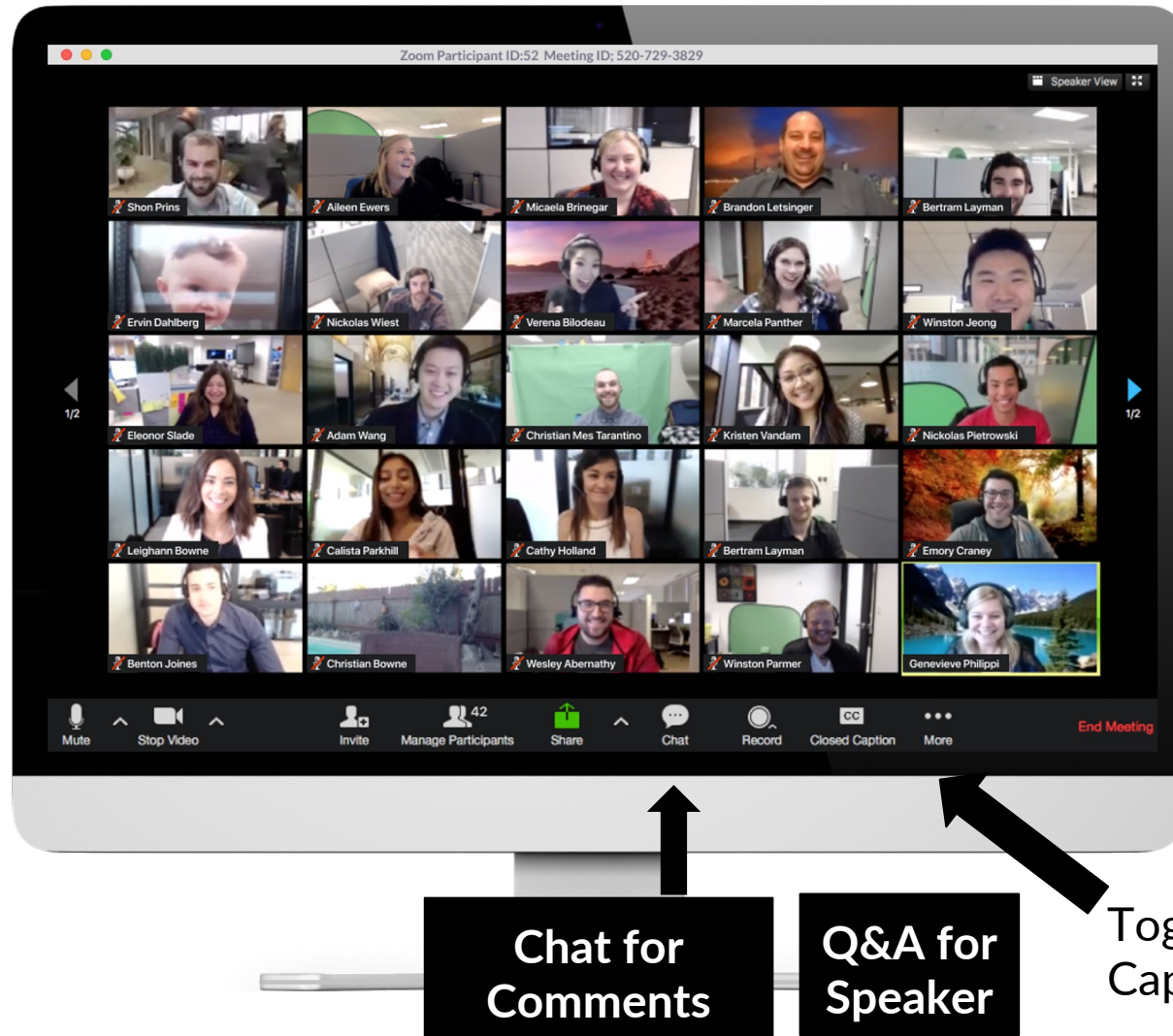


SUZANNE SMITH, MBA

suzanne@socialimpactarchitects.com

@socialtrendspot
www.socialimpactarchitects.com

 **SOCIAL IMPACT**
ARCHITECTS



Chat for
Comments

Q&A for
Speaker

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Caption

What Is S🌐C👤AL Entrepreneurship?



Who Are S🌐C👤IAL Entrepreneurs?



Name these entrepreneurs:



What Is The Difference Between:



Social Definitions

SOCIAL INNOVATION



Social Innovation is about the **IDEA**.

And not just any “new idea.” For the social sector, social innovation has to be an idea – in the form of a product, service or method – that creates change, performs better than existing solutions and for which the value accrues primarily to society.

SOCIAL ENTREPRENEURSHIP



Social Entrepreneurship is about the **MINDSET**.

Social entrepreneurs are change agents who are relentless about fashioning bold and creative solutions – through the creation of new organizations or as “intrapreneurs” within existing organizations and communities – to create social change.

SOCIAL ENTERPRISE



Social Enterprise is about the **BUSINESS MODEL**.

Social enterprise is a business – whether operated by a for-profit or nonprofit – that has a double bottom line of both maximizing social and financial return.

Deep Dive: <https://socialimpactarchitects.com/social-definitions/>

Innovation

Juma Ventures • CA, LA, WA



**Social Innovation
= IDEA**

Innovation:

Use job training to help students be workforce and college ready

Enterprise:

Students in Juma's program work in concessions and develop plans to save wages for college



Innovations

Name these innovations



Innovations

Name these innovations



Diagnosis diseases

- Malaria
- Cancers
- Respiratory disease
- TB

Innovations

Name these innovations



Innovations

Name these innovations



Water Pump

- Irrigation
 - Fill tanks
- 150,000 sold in Africa
 - New Profits and Wages Generated Annually: \$94 million
 - SROI: 1:15 (dollars earned by farmers for each donor dollar spent)
 - Cost to get one family out of poverty forever: \$300
 - Cost per person moved out of poverty: \$60

Definition Of SOCIAL Innovation

OFFICIAL:

According to Schumpeter, new patterns of production ("new combinations") could involve:

- Producing a new good or quality of a good
- Developing a new method of production
- Targeting a new market for existing good
- Drawing on a new source of supply
- Establishing a new organizational or industry structure

MY FAVORITE:

Ashoka Founder Bill Drayton has famously commented that "social entrepreneurs are not content just to give a fish or teach how to fish. They will not rest until they have revolutionized the fishing industry."

Can start an organization as a result of innovation – and become an entrepreneur or intrapreneur

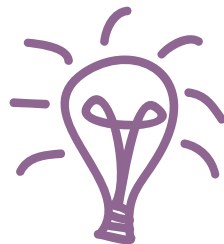
Where Social Innovation Lives

4th Quadrant



Critical innovations often come not from lone entrepreneurs, amateurs or private companies, but from the “fourth quadrant”: an area of nonproprietary innovation, such as the Web, where innovations are not owned by anyone.

Steven Johnson



Market
Motivated

Private Corporation or
Solo entrepreneur

Example: Mason Jar

1

Marketplace of
Interconnected Private
Firms

Example: Automobile

2

Not Market
Motivated

Idea-Sharing Amateurs

Example: $e=mc^2$

3

Open-Source/Academic,
Collaborative Networks

Examples: Internet &
Braille

4

Individual

Network

Johnson, Steven. *Where Good Ideas Come From: The Natural History of Innovation*. (New York: Penguin, 2010, pp.211-246).

SOCIAL Entrepreneur

Cafe Momentum • Dallas, TX



**Social Entrepreneur
= PERSON**

Innovation:

At-risk youth receive training in all areas of restaurant service

Enterprise:

Café Momentum students run a restaurant and catering services to fund operations

Entrepreneur:

Chad Houser

Photo: Café Momentum

Definition Of SOCIAL Entrepreneur

OFFICIAL:

A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial principles (aka business/market principles) to create and organize and social change.

MY FAVORITE:

The job of a social entrepreneur is to recognize when a part of society is stuck and provide new ways to get it unstuck. He or she finds what is not working and solves the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps.

- Not a job title, but a mindset
- Can be an intrapreneur

SOCIAL Enterprise

Catholic Charities • Fort Worth, TX



**Social Enterprise
= MODEL**

Enterprise:

Catholic Charities leveraged a core competency to spin off an enterprise where health care and education providers pay for translation services

Social Enterprise



Social enterprise enables organizations to harness the power of the marketplace to solve critical social or environmental problems.

Social Enterprise

A Social Enterprise is a Hybrid Organization

	Purely Philanthropic Organization	Hybrid Organization	Purely Commercial Organization
Motives	Appeal to goodwill	Mixed motives	Appeal to self-interest
Methods	Mission-driven	Balance of mission and market	Market-driven
Goals	Social value creation	Social and economic value creation	Economic value creation
Destination of Income/Profit	Directed toward mission activities of nonprofit organization	Reinvested in mission activities or operational expenses, and/or retained for business growth and development	Distributed to shareholders and owners

Source: Virtue Ventures Consulting

Social Enterprise



Social enterprise is not a new fad.

Some of the largest and most well-known nonprofit organizations have long engaged in income generation and businesses either to supplement or complement their mission activities.

Social Enterprise



Beginning in the 1960s, a greater number of U.S. nonprofits began to experiment with enterprises to create jobs for disadvantaged populations.

Source: Virtue Ventures Consulting

Social Enterprise

Recent Growth in the Field

It has been only in the past 15-20 years that academics, practitioners, and donors have begun to study nonprofits adopting market-based approaches to achieve their missions



Today, it is estimated that over 50% of social service organizations operate a social enterprise

Source: Virtual Ventures Consulting; Center for the Advancement of Social Entrepreneurship

Social Enterprise is Legal

Nonprofits can launch and operate a social enterprise and maintain 501(c)(3) tax status

Income Related to Exempt Purposes

- Must be substantially related to exempt purposes
- No limit on amount of revenue

Income from Unrelated Activities

- Not substantially related to exempt purposes
- Produces unrelated business taxable income (UBTI)
- If less than 10-15% of budget, okay
- If more, consider moving activity outside of nonprofit entity



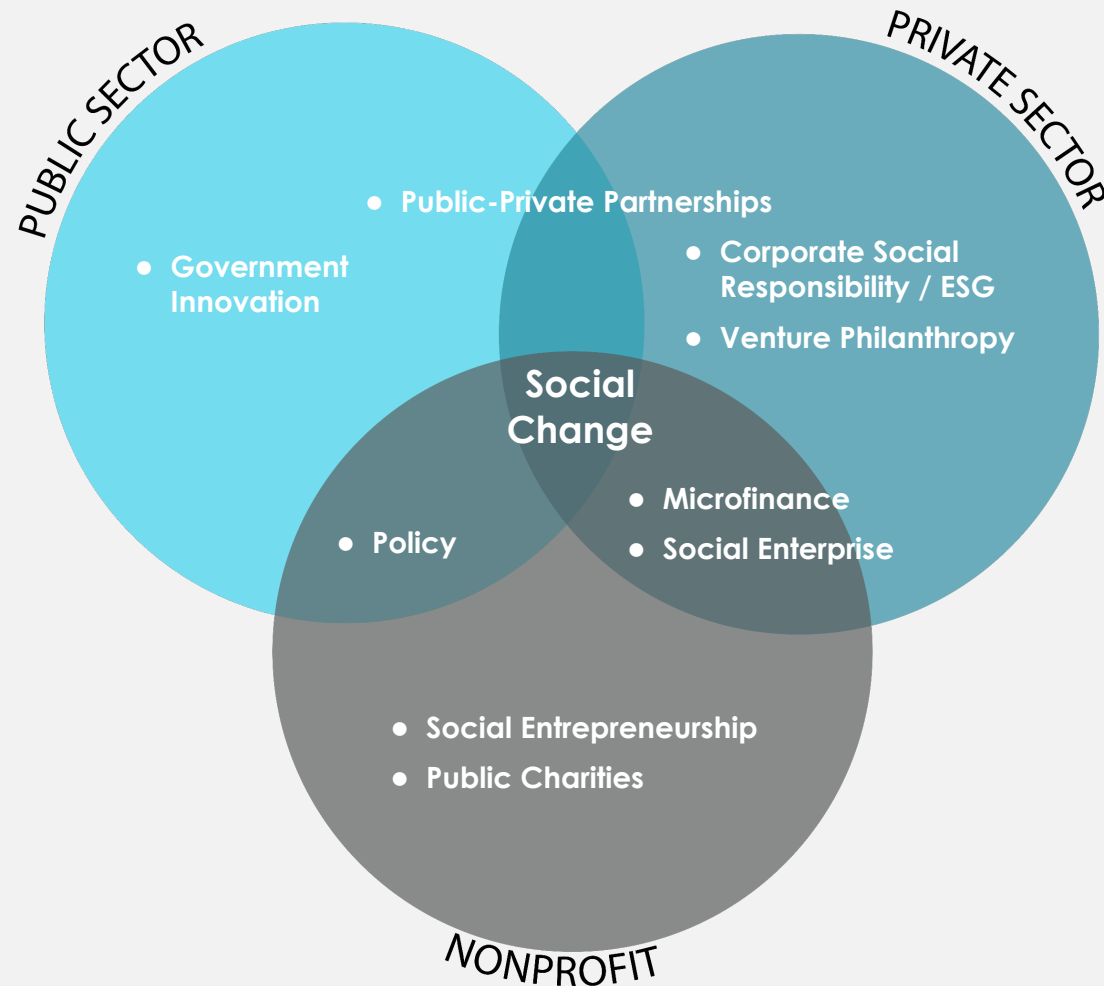
Source: Gray Plant Mooty

So you WANT
to be a

SOCIAL ENTREPRENEUR?

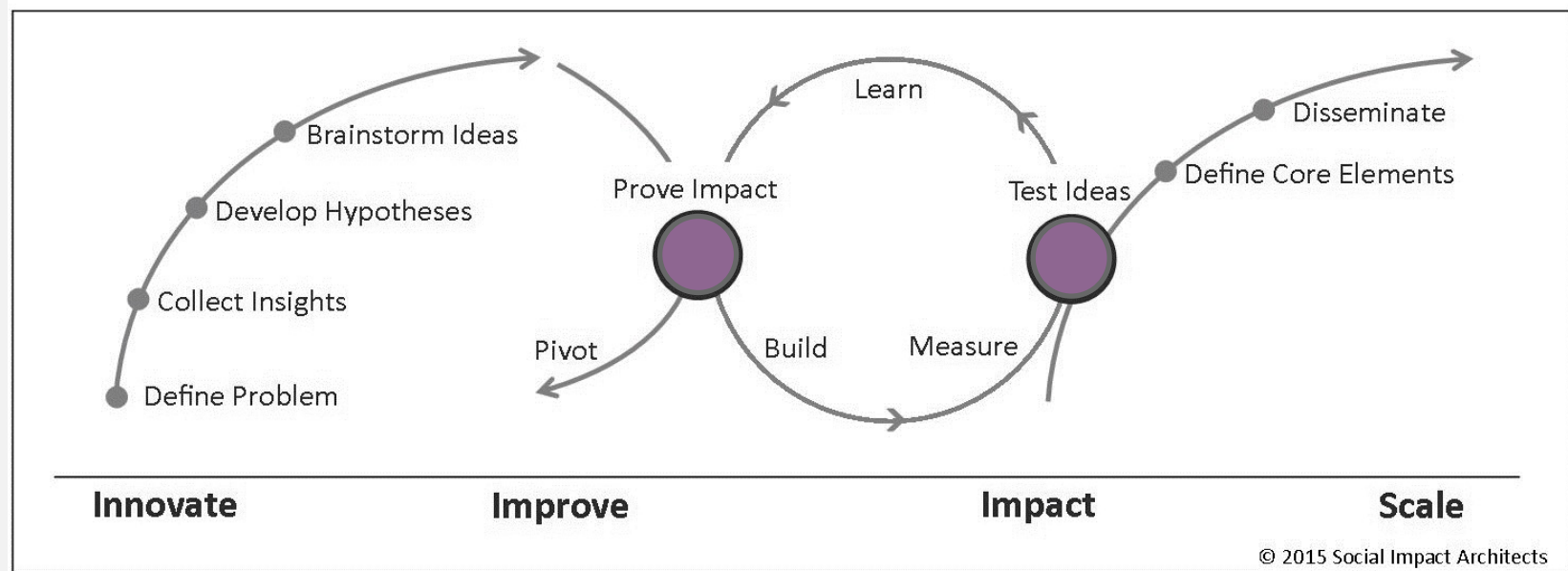


Social Change Has More Players

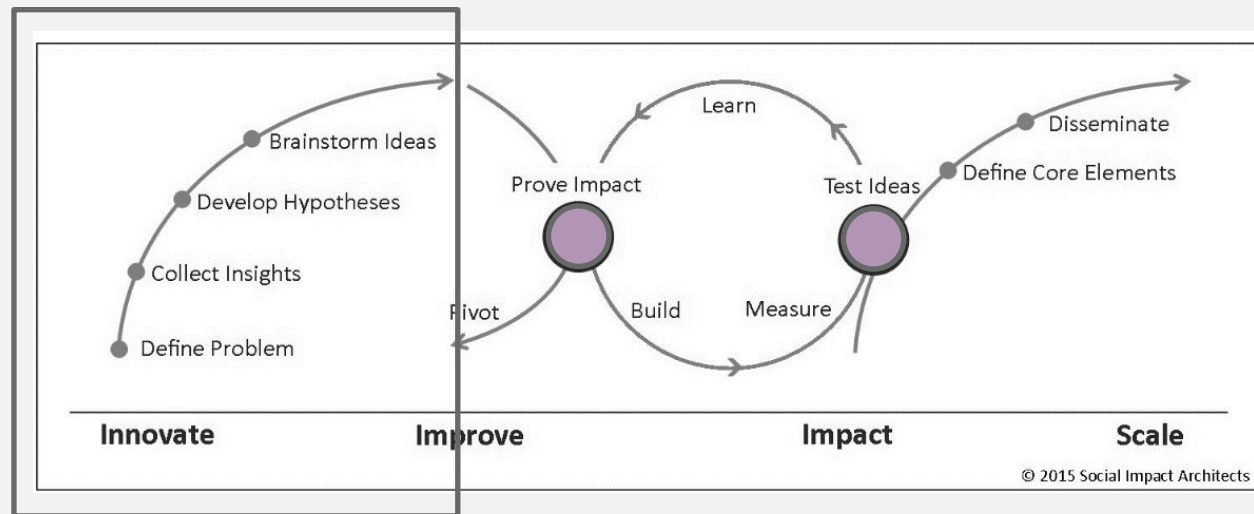


SOCIAL Alchemy

“Transformative social change – the standard by which success is measured in the social sector – takes perseverance, timing and something I like to call ‘social alchemy.’ Many start with a solution. Instead, social alchemy turns that notion upside down – starting with a problem needing to be solved. The social sector’s responsibility is to take that problem, transform it into an idea and then an impactful solution, which can be scaled to create change.”
– Suzanne Smith



Deep Dive: <https://socialimpactarchitects.com/social-alchemy/>



PURPOSE

- Focus on the problem
- Gather all the facts
- Resist assumptions
- Generate ideas for solutions using disciplined process
- Pilot possible solutions

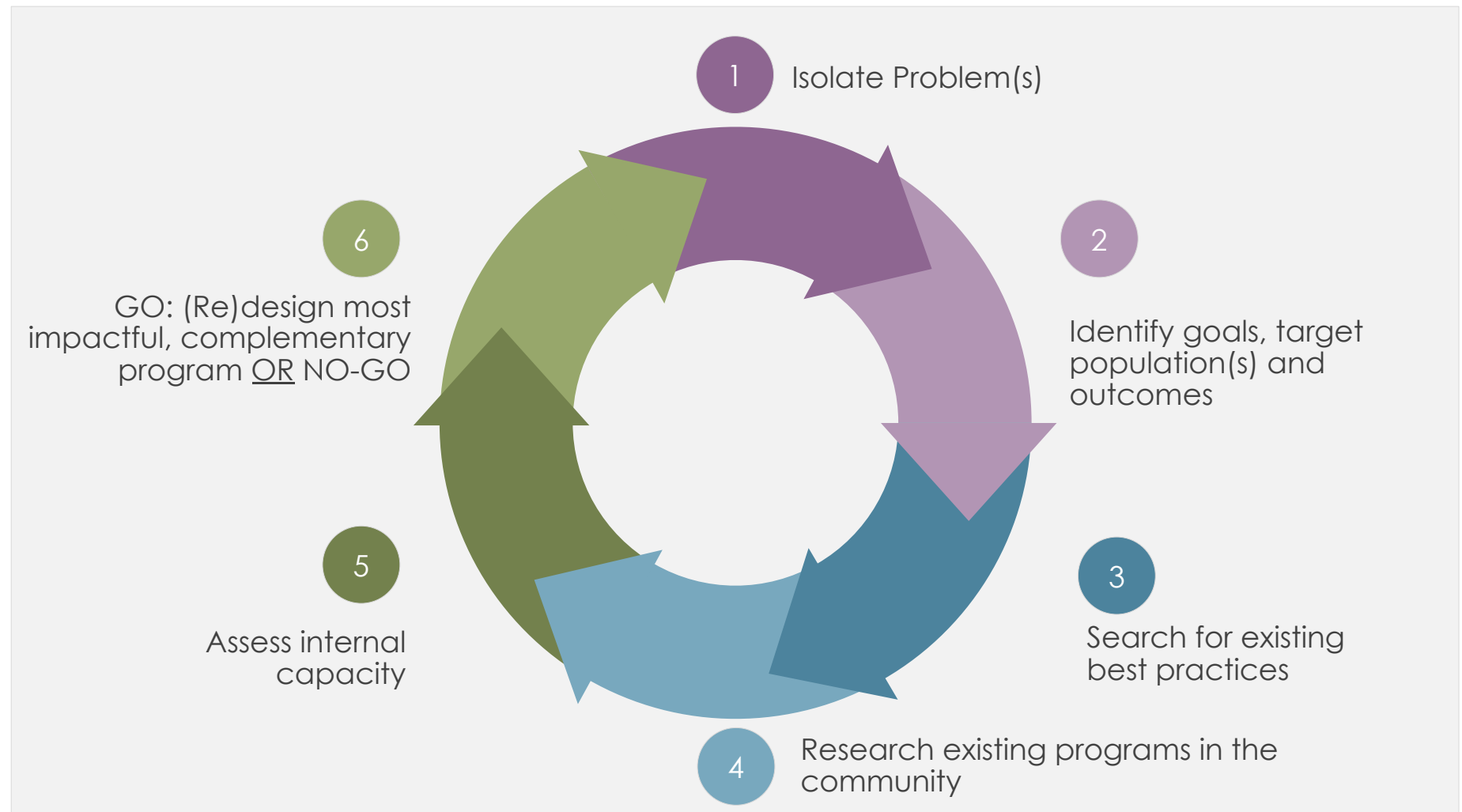
DO

- Start with the problem, not the solution
- Use secondary research to find best practices, competitors/comparables and market conditions
- Talk to those you intend to serve

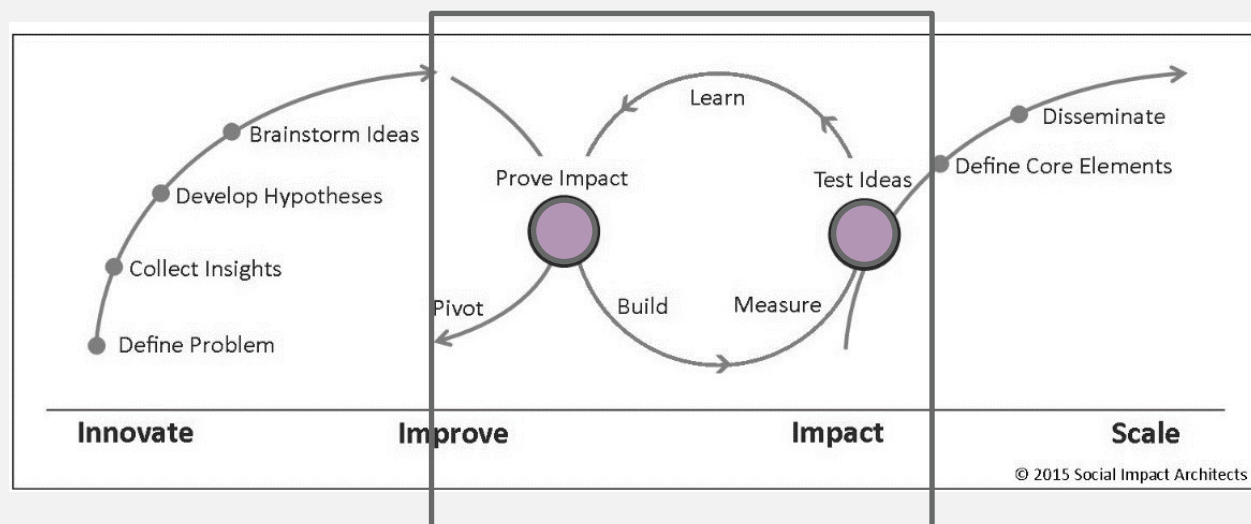
DON'T

- Fall in love with your idea
- Assume that "if you build it, people will come"

Lean Startup for Nonprofits



Deep Dive: <https://socialimpactarchitects.com/nonprofit-lean-startup>



PURPOSE

- Test and refine hypotheses based on real world knowledge
- Focus on continuous improvement and results
- Ensure positive effects
- Resolve unintended consequences early

DO

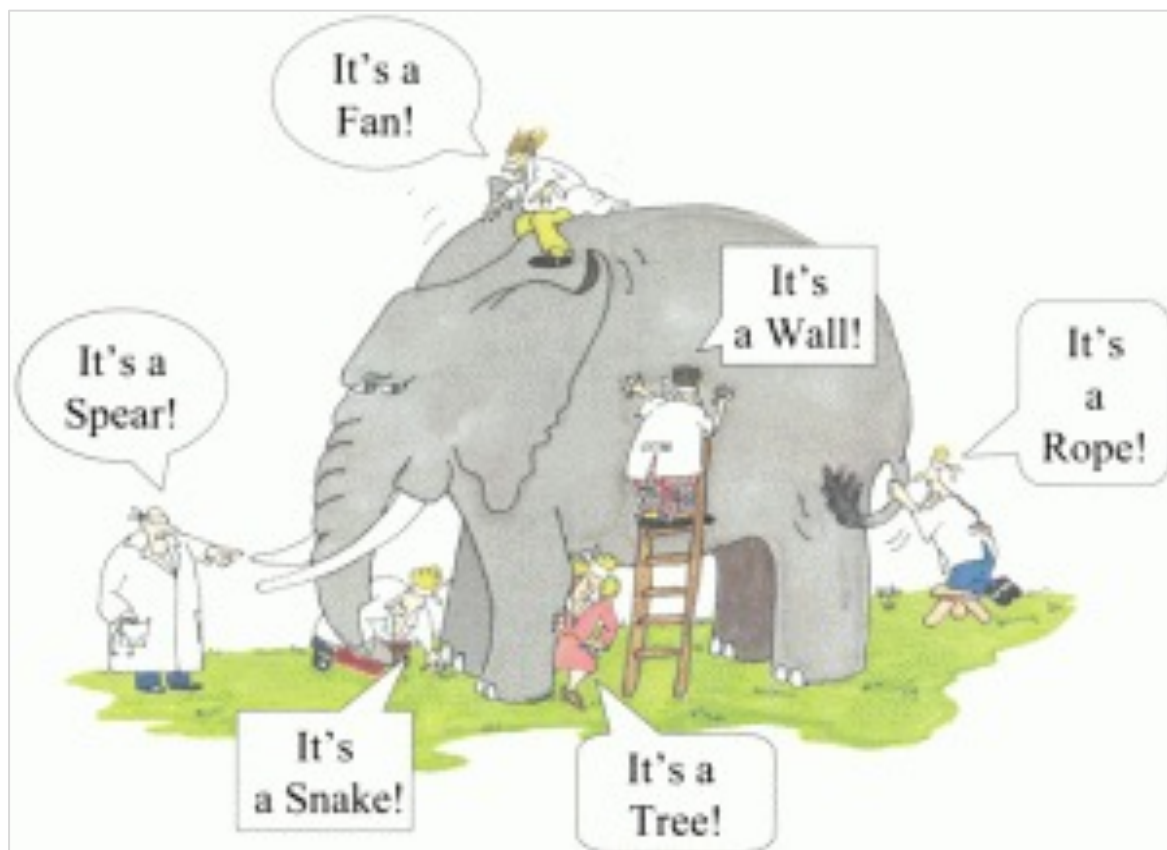
- Ensure the solution you implement is having a positive impact on those you serve
- Be focused and flexible
- Focus on continuous improvement as conditions change

DON'T

- Get caught in analysis paralysis
- Rely on anecdotal results to prove impact
- Get caught in activity trap
- Assume you are ever done



Data Rich,
Insight Poor



The problem with data

Impact Measurement Process

Continuous Process



Develop Theory of
Change & Logic Model

1



Develop Performance
Indicators

2



Collect Data

3



Analyze Results

4



Communicate Findings

5

*Program
Improvement*

Theory of Change



A brief statement that discusses the casual relationship between actions, short-term objectives/outcomes, and long-term outcomes.


Example: If poor women in Africa have microbicidal contraceptives (they control), AIDS will spread less.

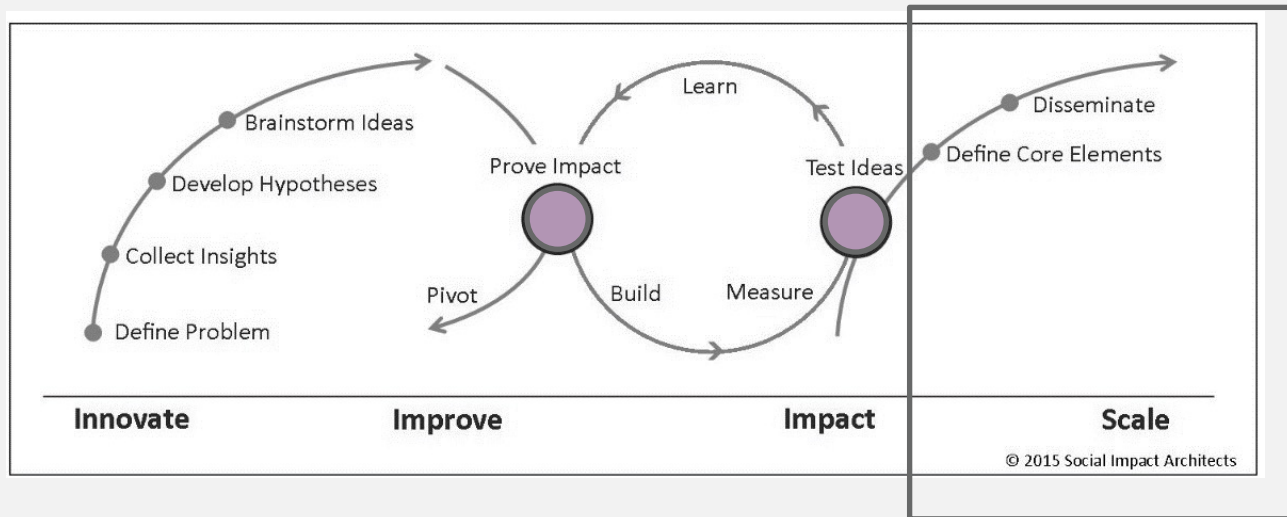
Logic Model/Social Value Chain



Example: Outcomes vs. Impact

Inputs	Activities	Outputs	Outcomes	Goal Alignment
What do you put in?	What do you do?	What happened	What resulted Less What would have happened anyway Equals IMPACT	How aligned is the impact with your organization goal?

 The City University of New York	Pre-CUNY ASAP Graduation Rate	Post-CUNY ASAP Graduation Rate	Difference
	21%	56%	35%
	What would have happened anyway	Outcome	Impact



PURPOSE

- Expand successful solutions to benefit more individuals
- Understand what really matters

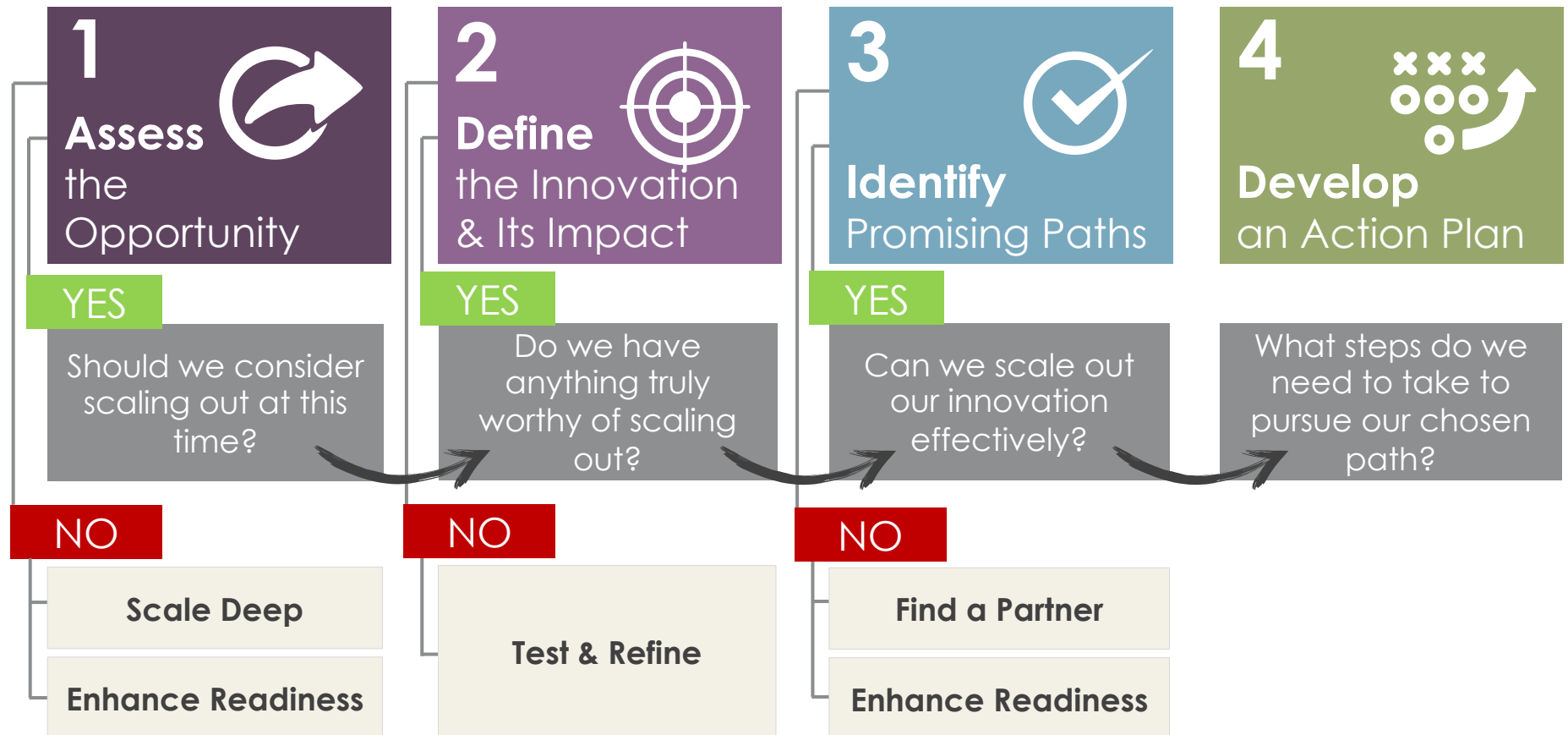
DO

- Use a logic model to distill the essential components of your enterprise that generate your most impactful results
- Fewer components = easier to replicate results

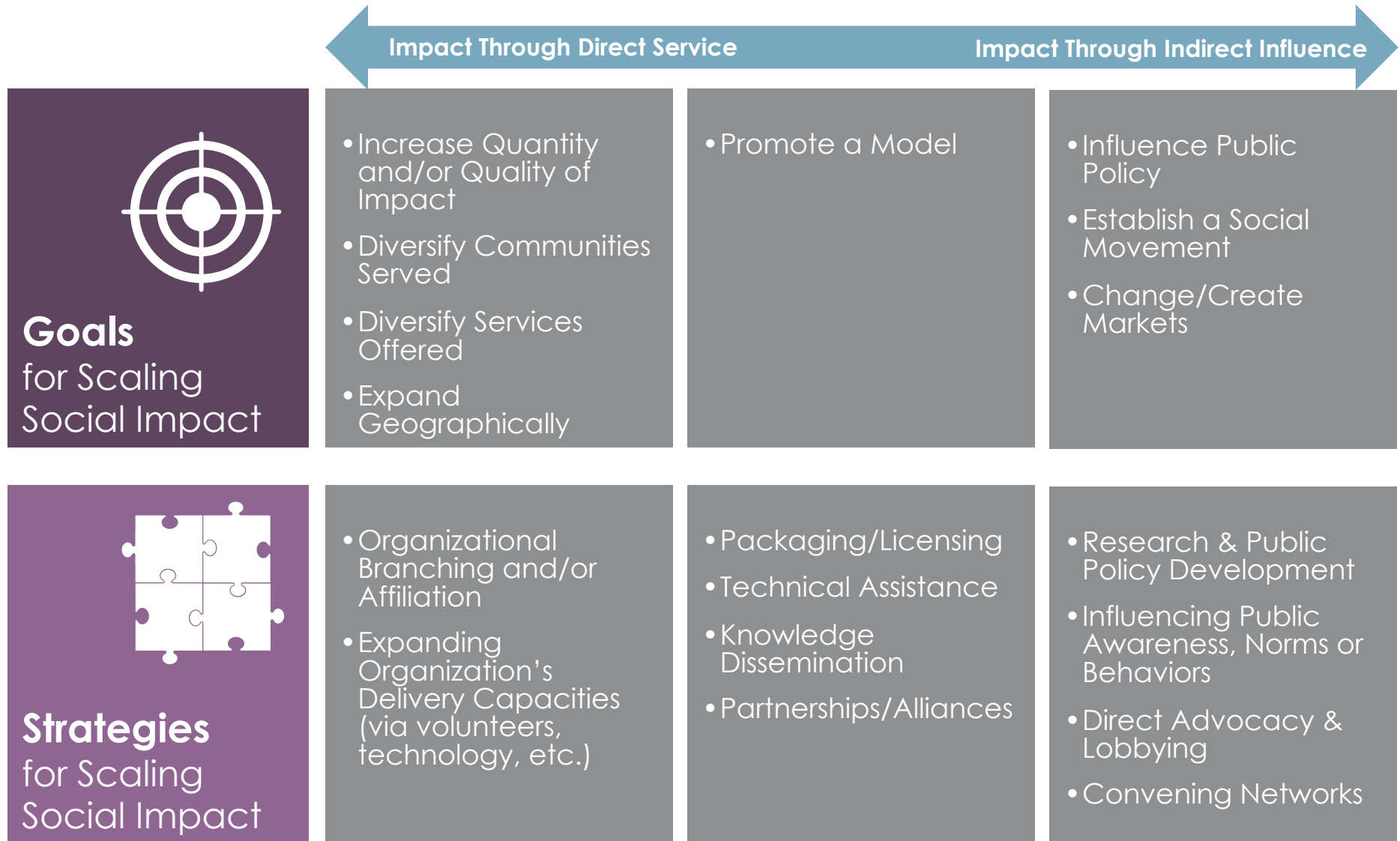
DON'T

- Scale without conducting a feasibility assessment on growth opportunities
- Assume that scale is only bricks and mortar

Scaling 101



What and How to Scale?



KaBOOM! as a Case Study



Organizations like **KaBOOM!** are necessary not just to the health of our children, but also to the health of the entire nation.

The best social entrepreneurs change the equilibrium.

We were building hundreds of playgrounds when we needed to be building thousands.

1995: **KaBOOM!** started by founder, Darell Hammond, to build playgrounds through community service

2004: Recognized the scale of the problem outmatched its ability as an organization to address alone

2005: Adopted an online strategy, which eventually reached 10x as many neighborhoods with playground builds

2010: Focused on building a movement supporting “play,” including coining the term – playability – which was later adopted by the White House

Transforming Opportunities into Action



IDEA(S)

FEASIBILITY
ASSESSMENT

PLAN

Feasibility Questions

MARKET

Need: What are the clients' (or customers') needs? Why do they exist and persist?

Size: How large is the potential customer/client base? What is the size of the market? Is it growing?

Outlook: How favorable are the trends impacting the clients and marketplace?

Profitability: What are the costs and potential revenues/income? What are the outside sources of money? Are they sustainable?

COMPETITION & IMPACT

Favorable Competitive

Factors: What other comparables exist nationally? What is unique about their solution? What can be learned?

Community Benefit: Does the idea provide significant benefit? What are the ways we could collaborate? Does it create a multiplier effect or is it a duplication?

SKILLS, EXPERTISE & RESOURCES

Mission: Is the opportunity aligned with our mission?

Skills/Expertise: Do we have the skills/expertise necessary to succeed?

Resources: Do we have the necessary resources?

Ease of Entry into Market: How easy will it be to launch the solution? What are the necessities for this project to be successful?

What's the Difference?

FEASIBILITY ASSESSMENT	BUSINESS PLAN
<ul style="list-style-type: none">■ Demonstrates that a given concept is financially viable and if a business plan is warranted.■ Uses <u>impartial market research</u> and internal assessments to evaluate the opportunity.■ Typically conducted for more than one opportunity.■ Serves as the precursor to the business plan.■ Relatively inexpensive.	<ul style="list-style-type: none">■ Conducted <u>only</u> if the feasibility assessment indicates that the idea is viable.■ Designed to “plan” in advance how a venture will be started, implemented and managed, i.e., a “roadmap” or “blueprint.”■ Expands on information from the feasibility assessment and includes information on sales/marketing, management/staffing, operations and detailed financials.

Business Plan



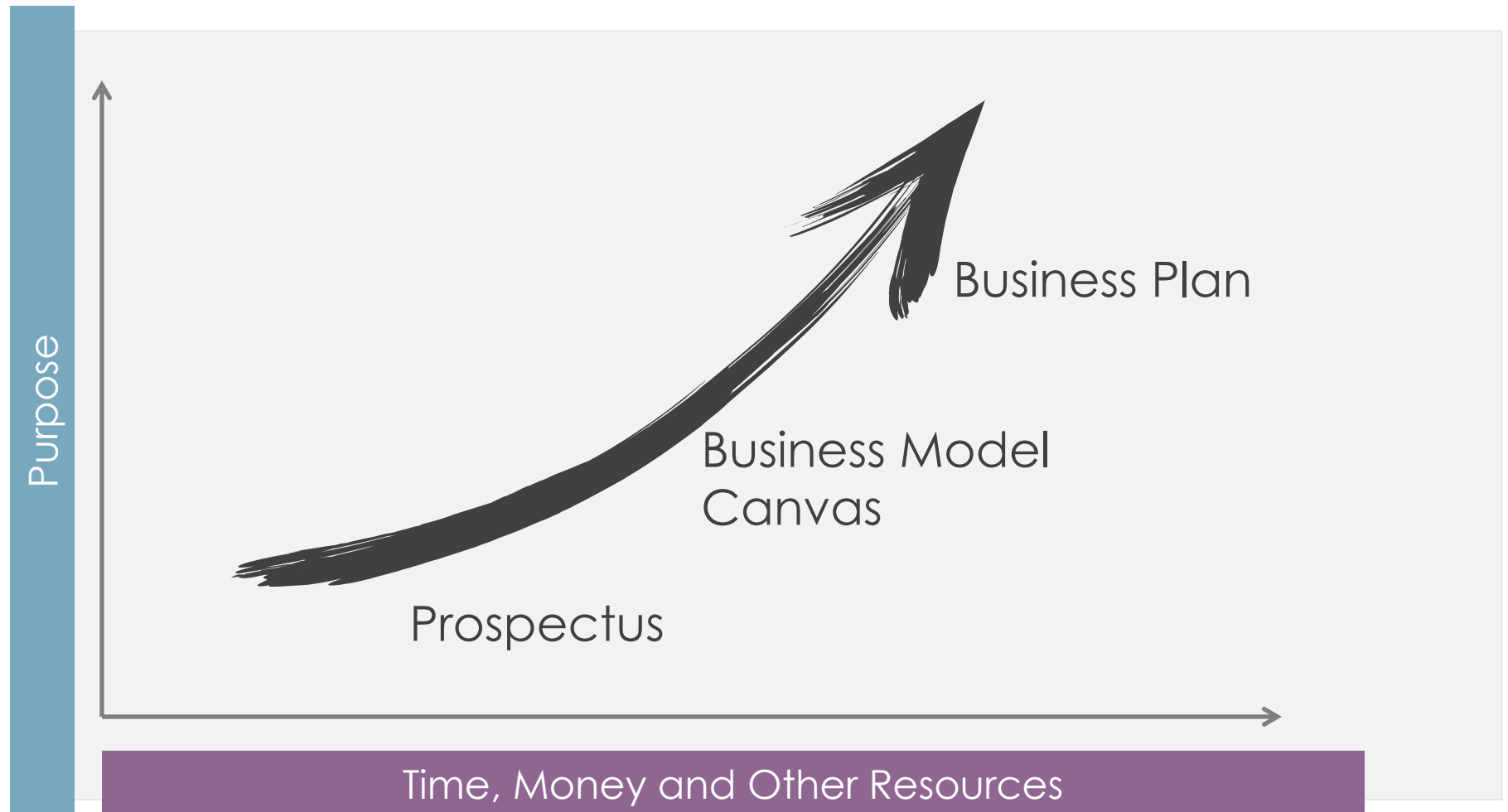
Should tell a compelling story about your venture.

Continues the analysis at a deeper and more complex level, building on the foundation created by the feasibility assessment.

Serves as a roadmap for how the venture will be created and developed as well as the “blueprint” for implementation.


Deep Dive + Templates: <https://socialimpactarchitects.com/business-plan-questions>

Business Plan Options: What?




Prospectus Outline

- Overview
- Need for Change
- Opportunity for Social Impact
- Operating Model
- Financial Sustainability
- Goals & Performance Measurement
- Ways to Invest



Rainbow Days, Inc. Prospectus
Family Connection
Cathy Brown, M.Ed., Founder & CEO
(214) 887-0726 | cathyb@rdikids.org



DESCRIPTION: Family Connection, a program of Rainbow Days, inspires homeless children, ages 4-15, to live a life filled with hope and promise. Family Connection uses a specialized curriculum to teach homeless children coping and social skills. The curriculum has been proven effective by an independent randomized control study and has been replicated in multiple cities across the country. Family Connection collaborates with 23 Dallas shelters, schools and community-based organizations to provide comprehensive programming to fill gaps in services and meet the identified needs of 1,300 homeless children each year. Since 1989, over 15,000 homeless children and 4,300 parents have benefited from Family Connection.

INVESTMENT OPPORTUNITY: Family Connection is seeking \$776,000 in private support over the next two years to maintain current services and to provide seed money for expansion within the greater Dallas area, thereby providing critical support for over 2,800 homeless children each year.

NEED FOR CHANGE

Homeless children are our community's most vulnerable population. Homelessness adversely impacts everything children need to be successful, including: their sense of security, education, and overall emotional well-being.

- Families with children make up the fastest growing segment of the homeless population.
- One out of 36 children in the Dallas Independent School District is classified as homeless.
- 50% of all school-age homeless children have emotional problems that interfere with learning, such as anxiety and depression
- 25% of homeless children have witnessed violent acts, and have problems with aggressive behavior, limiting their success in school significantly.

OPPORTUNITY FOR SOCIAL IMPACT

While Texas ranks 50th among other states in the care of homeless children, in Dallas, Family Connection has a 20-year history of providing services which mitigate many of the devastating effects of homelessness on children. Family Connection targets specific gaps in Dallas' continuum of care for homeless children; focusing on children's unmet emotional, mental and social health needs, and on helping parents meet their children's need for additional support.

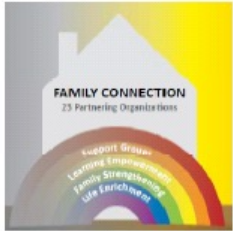
- The impact of Family Connection's research-based model has been validated by external evaluators and won many awards.
- By partnering with 23 organizations, Family Connection fills service gaps, ensures consistency and quality of programming, and maximizes resources.
- Highly skilled Family Connection staff provide children with caring, positive and consistent role models, who help them set goals and build skills for the future.

SOCIAL INNOVATION IN ACTION – THE FAMILY CONNECTION MODEL

Rainbow Days helps Dallas' homeless children through four main categories of service:

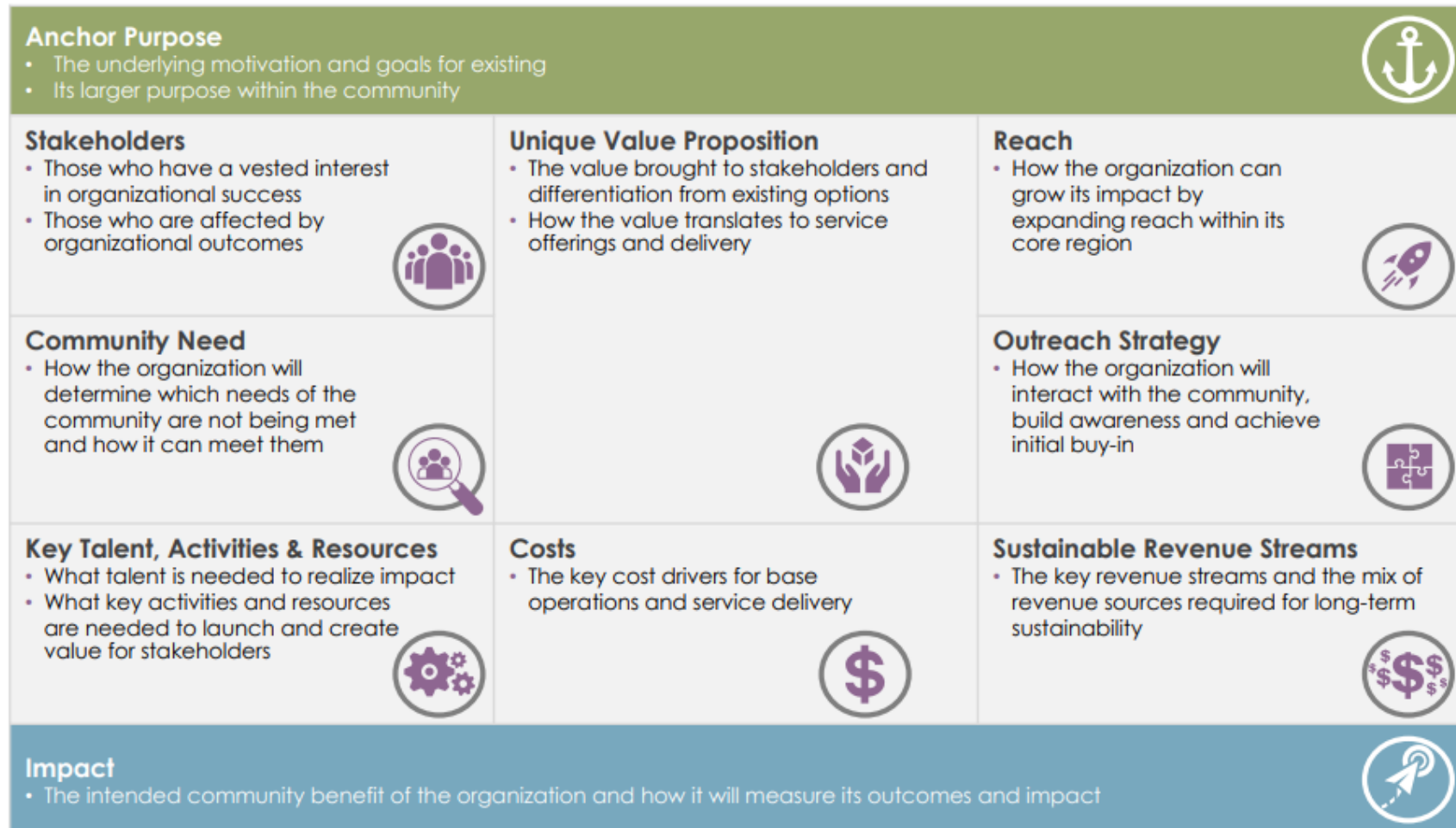
- 1. SUPPORT GROUPS:** Support Groups are the core of Family Connection. Small groups of 6-12 children meet weekly to learn skills, such as self-confidence, healthy choices, and decision-making. Staff combine the research-based curriculum with interactive learning, including art activities and role-play.
- 2. LEARNING EMPOWERMENT:** Kids' University, a summer learning experience at UT Dallas, promotes literacy and goal-setting for higher education. At a Back-to-School Celebration, children receive new backpacks filled with school supplies and a new school uniform. Families also receive a Learning Tool Kit for parents' use in helping their children develop basic learning skills.
- 3. FAMILY STRENGTHENING:** Because homeless family's ties are often strained, Family Connection provides a 10-session course on child development. Additional ongoing, weekly support groups enable parents to learn the skills necessary to foster their children's development. Family connection also provides opportunities for parents to learn how to play with their children, and special Family Outings to create family bonds and memories.
- 4. LIFE ENRICHMENT:** To stimulate children's creativity, reduce stress, and to give them an outlet to express themselves, Family Connection provides a range of activities, including Mentored Arts Retreats, Camp Broadway, and Outdoor Adventure Camp.

www.rdikids.org



Deep Dive + Templates: <https://socialimpactarchitects.com/nonprofit-prospectus>

Business Model Canvas Template



Deep Dive + Templates: <https://socialimpactarchitects.com/social-business-model-canvas>

Feedback Request

We want to hear from YOU!

Please use your phone to scan the QR code or visit the link to provide feedback on today's workshop:



1



2

<https://www.surveymonkey.com/r/SE-Postsession>

COMMUNITIES
FOUNDATION of TEXAS



Q&A



SUZANNE SMITH, MBA
suzanne@socialimpactarchitects.com

@socialtrendspot
www.socialimpactarchitects.com

 **SOCIAL IMPACT**
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About Suzanne



Suzanne Smith, MBA
CEO, Social Impact Architects
Adjunct Professor, UTA & SMU
Leadership Dallas – 2012
Leadership North Texas - 2013



Suzanne Smith serves as a coach and consultant for social organizations seeking to maximize the impact of their social strategies and achieve real, measurable results.

Having spent the greater part of the past three decades generating innovative and breakthrough social ideas, she has been widely recognized for her success in building and implementing award-winning programs and initiatives within the social sector. The daughter of two career educators, she has deep expertise in the social sector locally and nationally. Suzanne holds an MBA from Duke University's Fuqua School of Business, where she was a CASE (Center for the Advancement of Social Entrepreneurship) scholar.

Outside of Social Impact Architects, Suzanne holds a research fellowship at the Center for the Advancement of Social Entrepreneurship at Duke University and is an adjunct professor in the school of management at The University of Texas at Arlington and SMU. She is also a member of the prestigious Society of Organizational Learning (founded by Peter Senge).

Suzanne also authors Social TrendSpotter (@socialtrendspot), one of the sector's top blogs according to the *Huffington Post*. Known for its relatable way of blending important concepts and new ways of working with storytelling, Social TrendSpotter has been hailed by readers as "the only blog I read each week." **She is frequently interviewed by regional and national media on social issues and social entrepreneurship and has published articles in *Forbes*, *The Chronicle of Philanthropy*, *See Change*, *Nonprofit Business Advisor*, *Upstart* and *Grantmakers in Health*. For her outstanding work as a leading thinker, she was recognized with the Next Generation Social Entrepreneur Award by the Social Enterprise Alliance.**

Suzanne is a dedicated community leader herself and worn many hats, including serving the City of Dallas on a number of boards and commissions and working pro-bono/low-bono with many projects and nonprofits across North Texas.

Firm Background: SIA

Social Impact Architects® is a social change agency that provides consulting and learning resources to changemakers, working alongside them to design creative and transformative solutions to social issues. SIA uses innovative, market-driven management tools to design cost-effective, pragmatic plans for our clients. We work collaboratively with our clients to ensure organizational ownership and improved capacity to sustain the solutions we help design.

About SIA

- Created in 2009 to bridge the divides in the creation of social solutions between governments, philanthropy and nonprofits
- Established as a Benefit Corporation; received Best in the World from 2015-2019
- While headquartered in Dallas, Texas, the firm works across the country with clients large and small with a focus on the middle of the country
- Leverages a diverse virtual team with master's degrees from across the country speaking multiple languages

Firm Expertise

- Authors **Social TrendSpotter** (@socialtrendspot), one of the sector's top blogs according to the *Huffington Post*. Known for its relatable way of blending important concepts and new ways of working with storytelling, **Social TrendSpotter** has been hailed by readers as "the only blog I read each week."
- **Social Impact Architects** has successfully contributed to system change and innovation projects at the local, state and national level. This process has been so successful that it was presented in 2015 at the U.S. Conference of Mayors as a best practice.
- **Social Impact Architects** serves in a number of advisory roles to government, including HHS's roundtable on social enterprise.



CEO, Suzanne Smith, testifying at the U.S. Conference of Mayors in 2015.