Alternative Revenue Generation: Is Earned Income Right for Your Organization?

SOCIAL IMPACT ARCHITECTS

SocialImpactArchitects

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Chat #1

Name / Organization / Location

Check-in: Your favorite spring tradition

Any burning questions!

Deep Dives AVAILABVLE AT: https://socialimpactarchitects.com/blog

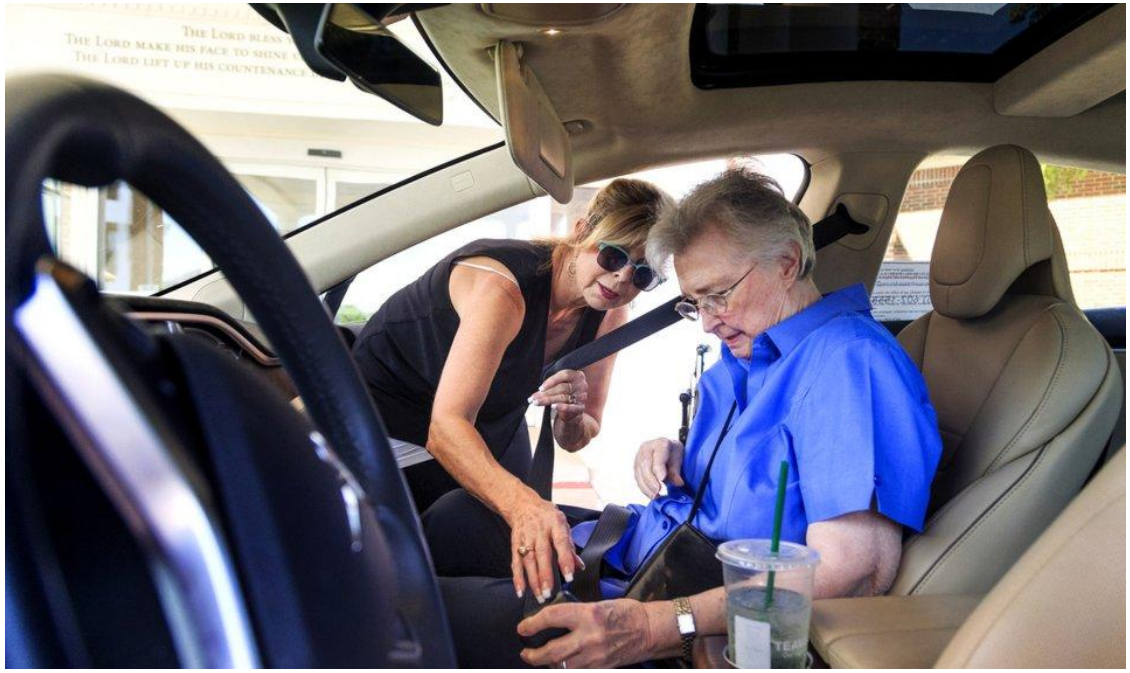
Background

Women's Bean Project – *Product*

WOMEN'S BEAN PROJECT™

Women's Bean Project • CO
The Women's Bean Project employs women from backgrounds of chronic unemployment and poverty to manufacture gourmet foods.

ITN America - *Service*



iTNAmerica®
Dignified transportation for seniors

Independent Transportation Network
The Independent Transportation Network provides rides with door-to-door, arm-through-arm service to thousands of seniors nationwide.

Social Enterprise / Earned Income

NONPROFIT

Social Returns

SOCIAL ENTERPRISE

Blended Value

CORPORATION

Financial Returns

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

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.

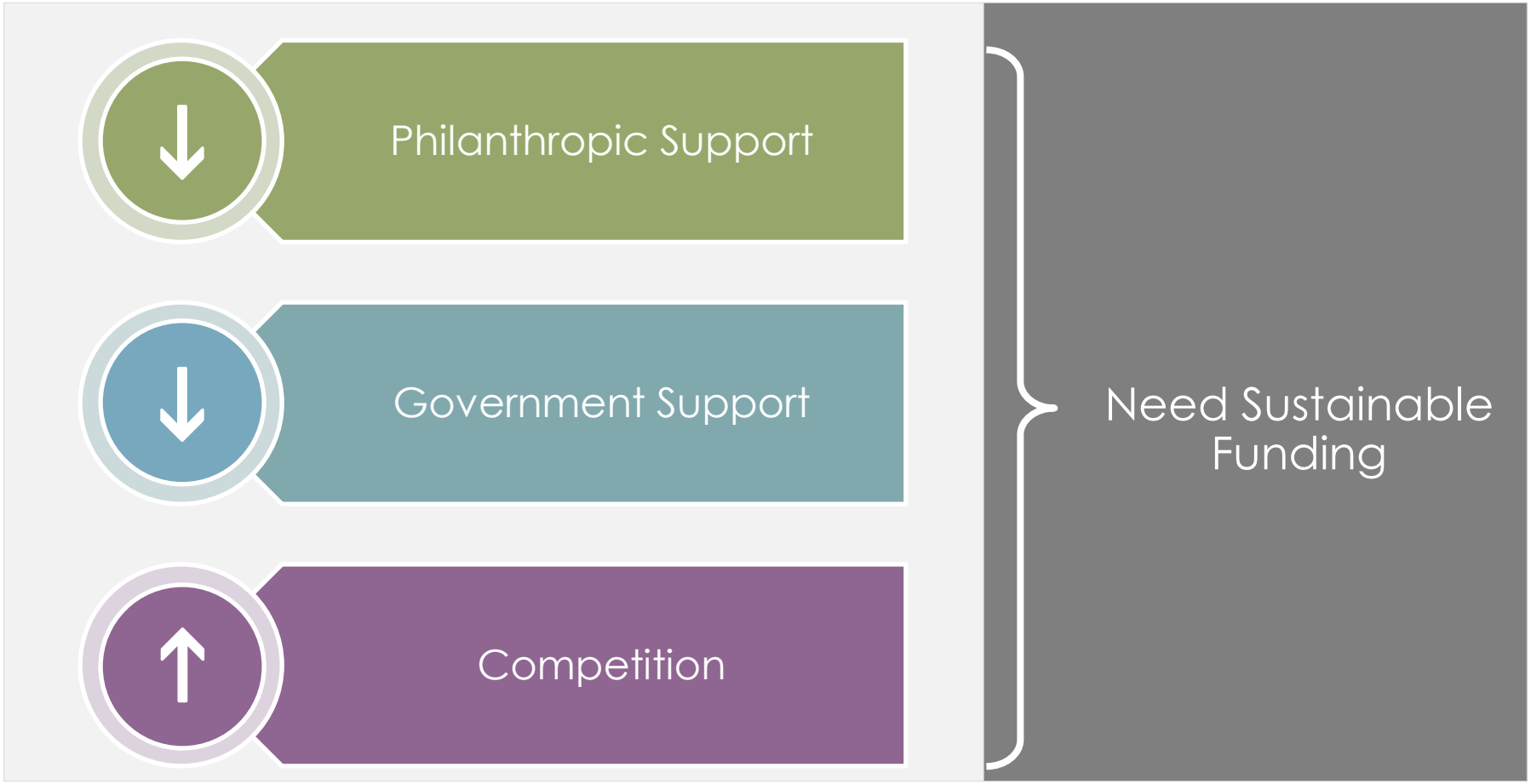
Social Enterprise

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

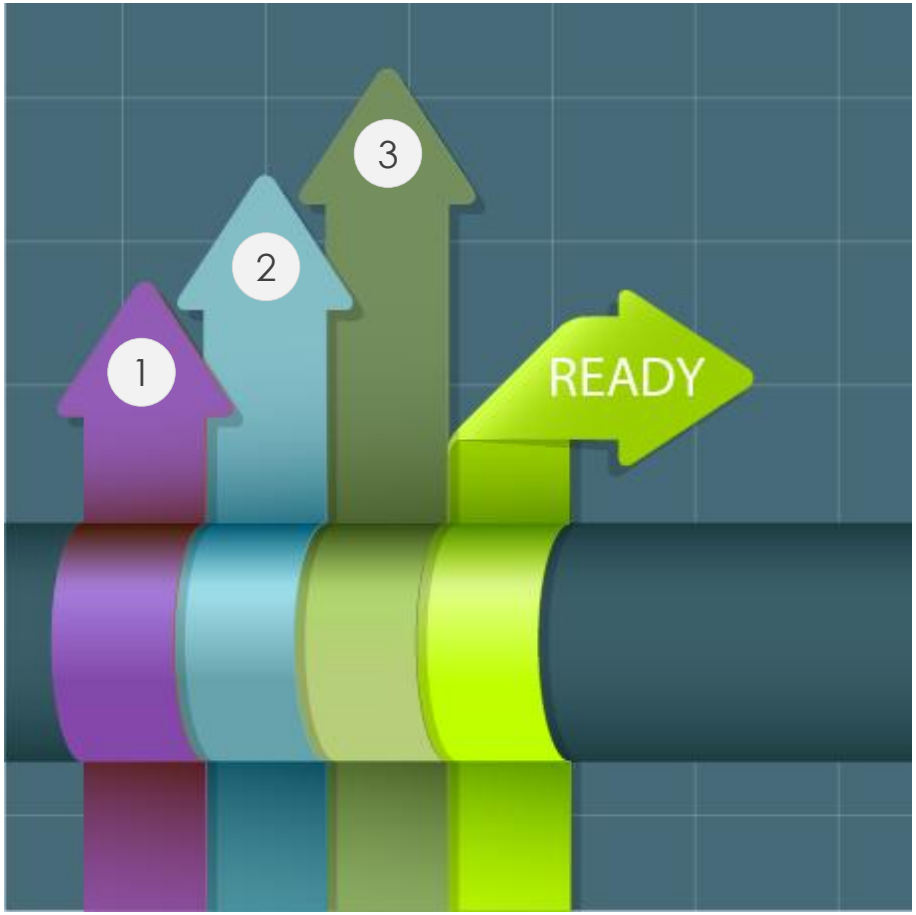
Source: Virtue Ventures Consulting

Social Enterprise

Why Is Interest in Social Enterprise Growing?

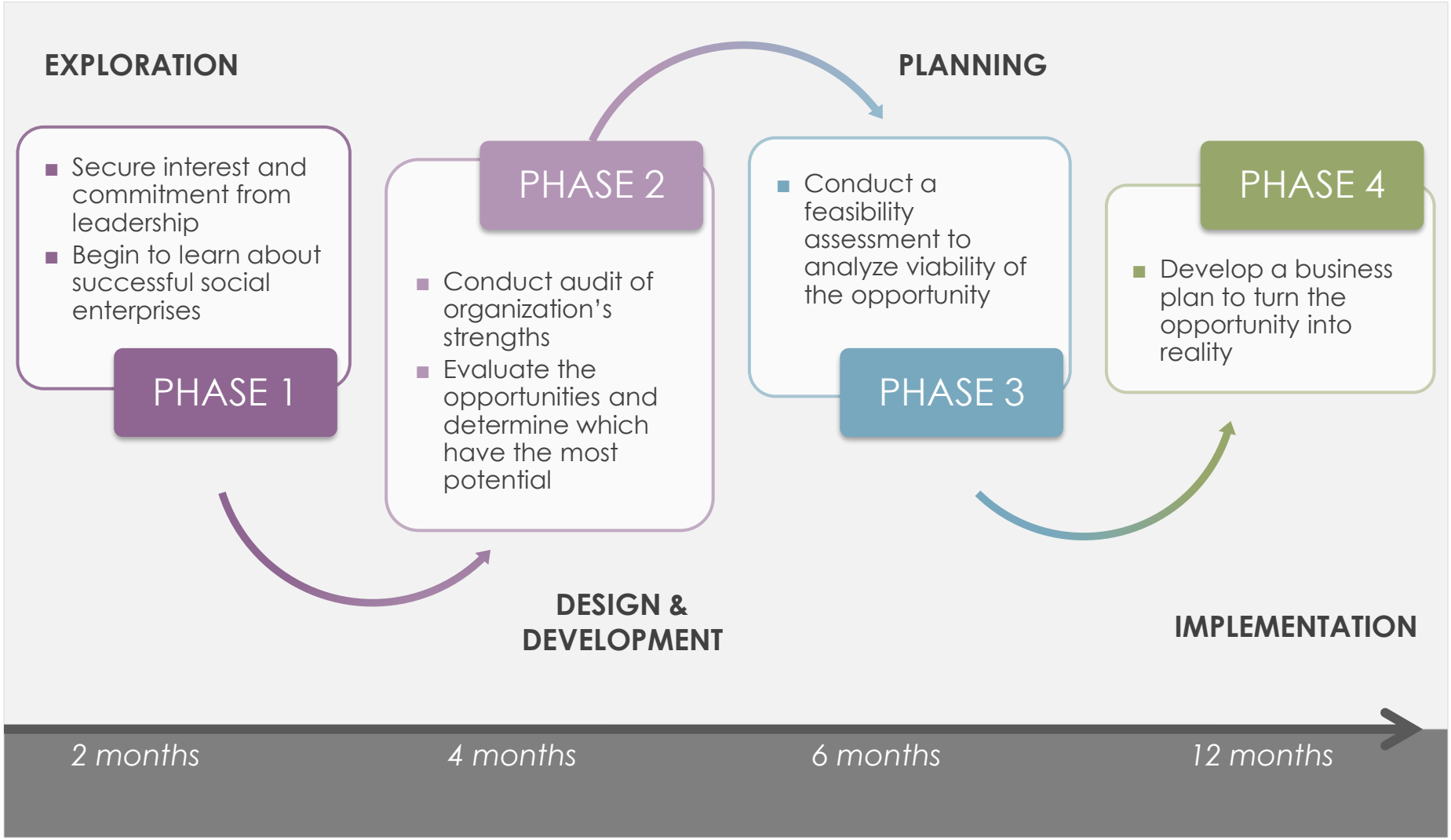


Three Readiness Factors



1. Organizational commitment and readiness for social enterprise
2. Organizational strengths that translate into opportunities
3. Sufficient base of customers willing and able to pay for your services/goods

Four-Phase Process



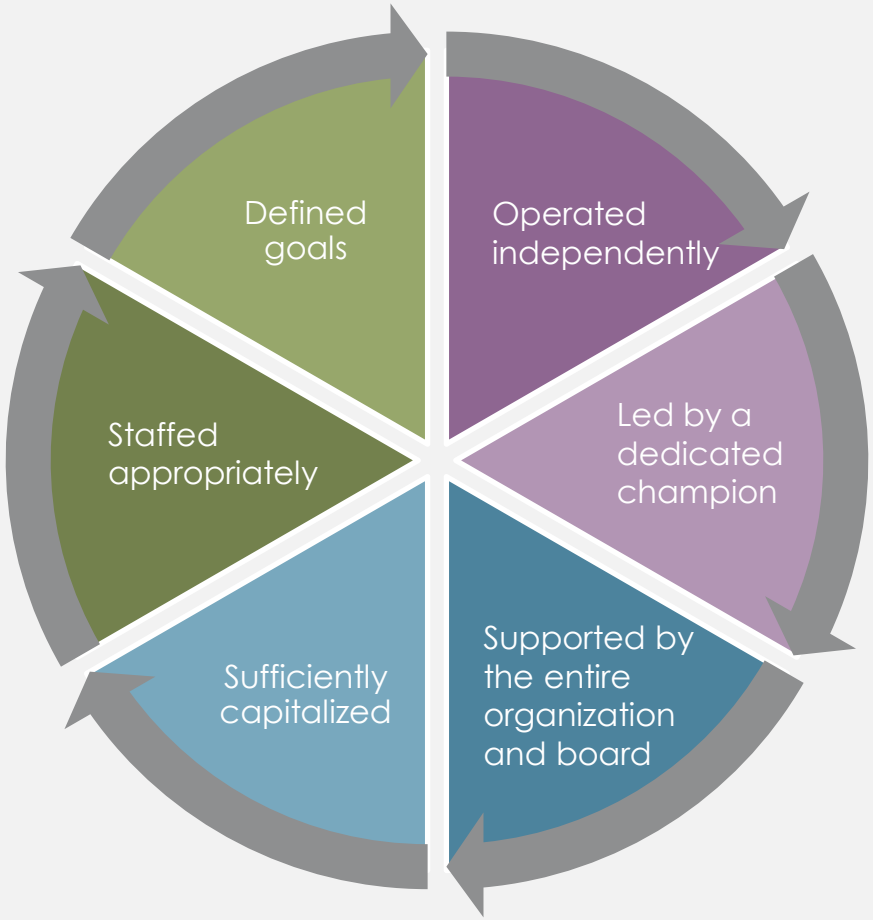
Critical Success Factors

1. Alignment with mission and assets
2. Business mindset
3. Balance between focus and flexibility

Source: Grant Makers in Health

Social Enterprise

Characteristics of Successful Social Enterprises



Source: Community Wealth Ventures; *Powering Social Change.*

Key Questions to Ask:

- Are we a **culture** that embraces change and doing things differently? **For real**?
- Does the organization have a **clear mission** that is aligned with all of its programs?
  - Clarity of mission is critical when branching out into social enterprise, especially when the "business folks" may be external hires.
- Is there a **clear reason** why the organization needs/wants a social enterprise?
- Will this social enterprise be **related to the mission**? If not, there are major tax implications and concerns about mission drift. Even if it is not directly related to mission, the enterprise must be consistent with the organization's **core values**.
- How will this **impact** our stakeholders? What will our board think?
- What **additional staffing** will be required? What skills will they need?
- Are we **prepared for the risk** involved? What will failure look like and how will we react? How much failure/loss are we willing to tolerate?

Adapted from a white paper by Laura Otten, Ph.D., written as Director of The Nonprofit Center

Step-by-Step Workshop

SWOT Analysis

The most commonly used tool to conduct an organizational audit is the SWOT analysis, which is often used during the strategic planning process.

STRENGTHS	WEAKNESSES
• **What unique or lowest-cost resources or facilities do you HAVE or have access to?** • **What do you DO better than anyone else?** • **What do you KNOW?**	• What could you improve? • What do others do better than you? • What inhibits your ability to achieve success?
OPPORTUNITIES	**THREATS**
• Where are the good opportunities facing you? • What are the interesting trends you are aware of?	• What obstacles do you face? • What are other nonprofits doing that you should be worried about? • What are funders doing that you should be worried about?

Focus on Strengths

To determine which types of social enterprises you should consider, focus on your organizational strengths

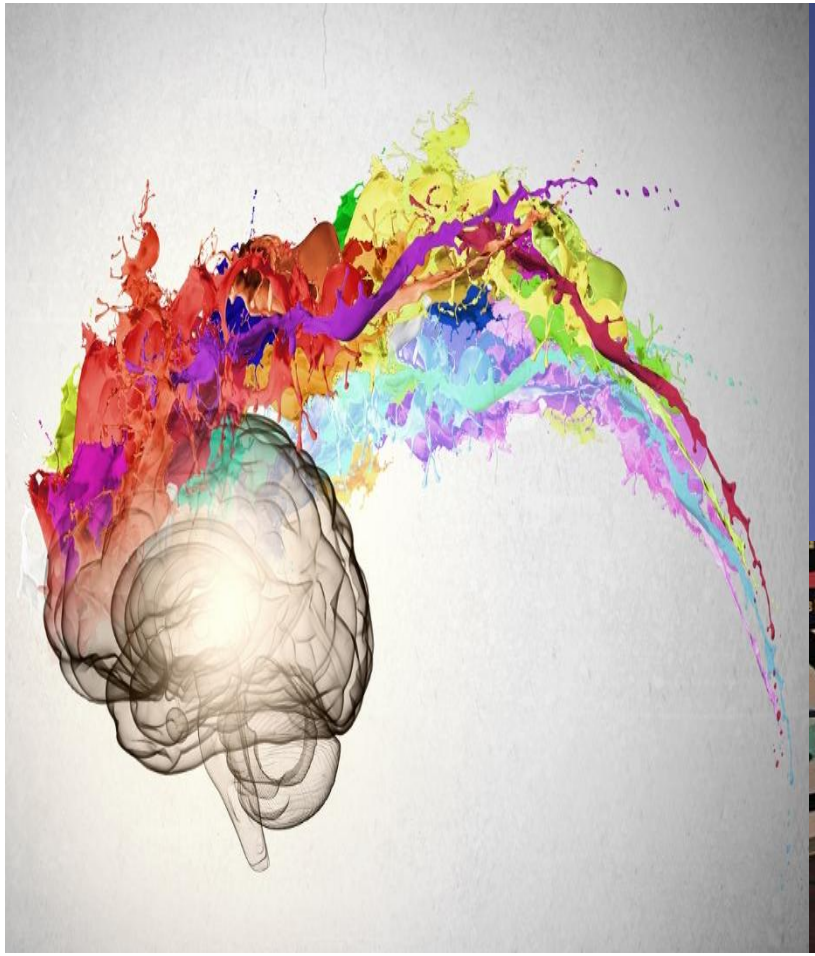
Resources

- Staff/Board
- Infrastructure
- Facilities
- Publications/Manuals/ Training Materials
- Products/Inputs

Management

- Access to low cost workforce
- Relationship with specific sector
- Knowledge of local community
- Easily mobilized network
- Large membership base
- Expertise on specific subject matter

Be Creative!



Exercise A: Identify Your Organization's Strengths

Brainstorm as many organizational strengths as possible:

- What do you do better than anyone else?
- What unique or lowest-cost resources, facilities or inputs do you have or have access to?
- What do you know?

Chat #2

Reflection: Your strengths as agency

Break

Key Questions to Translate Organizational Strengths into Opportunities

Is this strength different and distinct from the strengths of similar organizations in our community?

Can this strength provide value?

- To whom? What are their other options?
- How valuable is it?
- Are they willing AND able to pay for this value?

Is this a long-term strength?

What opportunities exist for the strength?

Group Discussion

Turning top strength into opportunities to consider

TAKE-HOME Exercise B: Evaluate Your Organizational Strengths

1. With your organizational colleagues, complete the *Evaluating Strengths* handout
2. Based on the results, identify your top 5 strengths and the associated opportunity(ies)

Strength	Is this different and distinct? (Yes or No)	Who would value this strength? (Identify)	How valuable is it? Do other options exist? (Low, Medium or High)	What is the willingness and ability to pay for the strength? (Low, Medium or High)	Is this a long-term strength? (Yes or No)	What opportunities exist for this strength?	Overall Rank of Strength (A, B or C)
Example: New indoor gymnasium	Yes	• Athletic leagues (youth and adult) • Parents with children • Organizations in need of a large indoor space	Medium	Low	Yes	• Facility Rental Venture • Summer Day Camp • Winter Break Day Camp	B
Example: Care management services	No	• Seniors • Persons with elderly family members • Persons with disabled family members	High	Medium	Yes	• Geriatric Care Management • Care Management Services	B
		•				•	

Adapted from: Community Wealth Ventures' Community Wealth Seekers Guide

Opportunities

Key Questions to Screen your Opportunities

- How easy will it be for my organization to implement this opportunity?
- How will this opportunity impact our ability to achieve our mission?
- What is the potential profit that this opportunity will generate for our organization?

TAKE-HOME Exercise C: Opportunity Assessment

1. With your organizational colleagues, complete the *Opportunity Assessment* handout for 5-8 opportunities
2. Based on the results, identify your top 2-3 opportunities

Opportunity	Ease of Implementation			Ability to Achieve Mission		Profit Generation			Overall Score
H = High *M = Medium* *L = Low*	*Internal Expertise and Capacity* 3 for H, 2 for M or 1 for L	*Operational Complexity* 1 for H, 2 for M or 3 for L	*Fit with Strengths* 3 for H, 2 for M or 1 for L	*Fit with Mission* 3 for H, 2 for M or 1 for L	*Positive Impact on Constituents* 3 for H, 2 for M or 1 for L	*Start-Up Costs* 1 for H, 2 for M or 3 for L	*Market Demand/ Willingness to Pay* 3 for H, 2 for M or 1 for L	*Expected Profit* 3 for H, 2 for M or 1 for L	
Space Rental – Indoor Gymnasium	*2*	*3*	*3*	*2*	*2*	*3*	*2*	*2*	*19*

Adapted from: Community Wealth Ventures' Community Wealth Seekers Guide

Business Storytelling

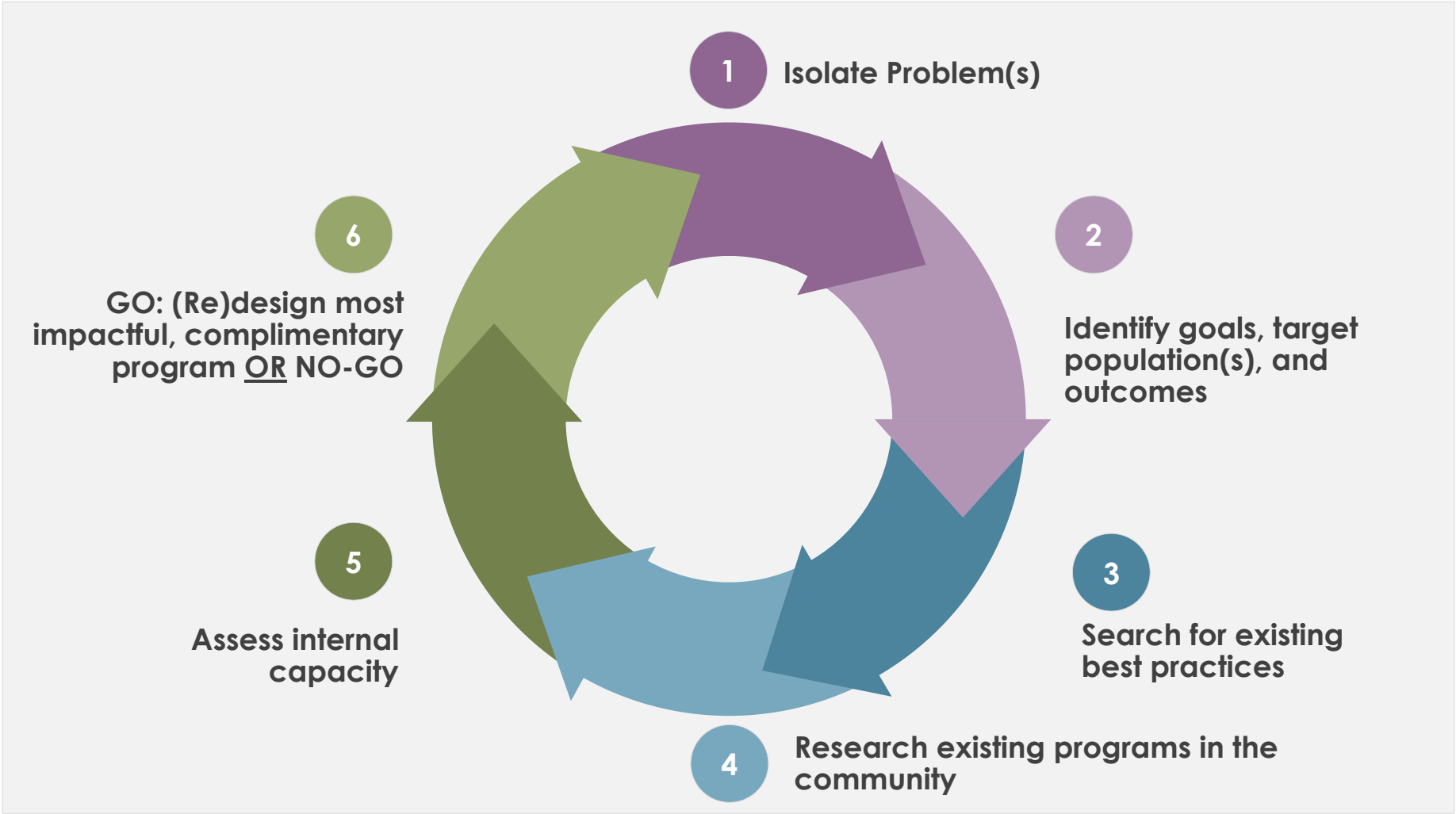
Transforming Opportunities into Action

TOP 3 OPPORTUNITIES

FEASIBILITY ASSESSMENT

BUSINESS PLAN

Lean Startup for Nonprofits



Feasibility Assessment

Analysis of the viability of an opportunity:
Does the idea warrant further investment of time, effort and resources or is it a no-go?

Only 20% of ideas are viable; why invest the time and money into an idea that does not make sense?

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 source 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 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 venture? What are the necessities for this project to be successful?

What's the Difference?

FEASIBILITY ASSESSMENT	BUSINESS PLAN
■ Demonstrates that a given concept is financially viable and whether a business plan is warranted. ■ Uses impartial market research and internal assessments to evaluate the opportunity. ■ Typically conducted for more than one opportunity. ■ Serves as the precursor to the business plan. ■ Relatively inexpensive.	■ Conducted only 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.

Backward Market Research

CONCEPTUALIZE

Determine information needs by developing a prototype

Pinpoint the information needed to make decisions and conceptualize a draft document with hypothetical conclusions and a roadmap for design

DESIGN

Formulate questions

Based on the draft document, write questions to get the information required to confirm/deny hypotheses

Articulate primary and secondary market research mix

Determine whether the information needed can be found through existing sources; develop a plan to obtain remaining information through a range of primary research (surveys, interviews, etc).

EXECUTE

Administer primary research tools

Begin data collection by administering the primary research tools you designed/researched

Analyze data & make recommendations

Integrate the data you uncovered into your final report using the draft document as a guide; make recommendations & report

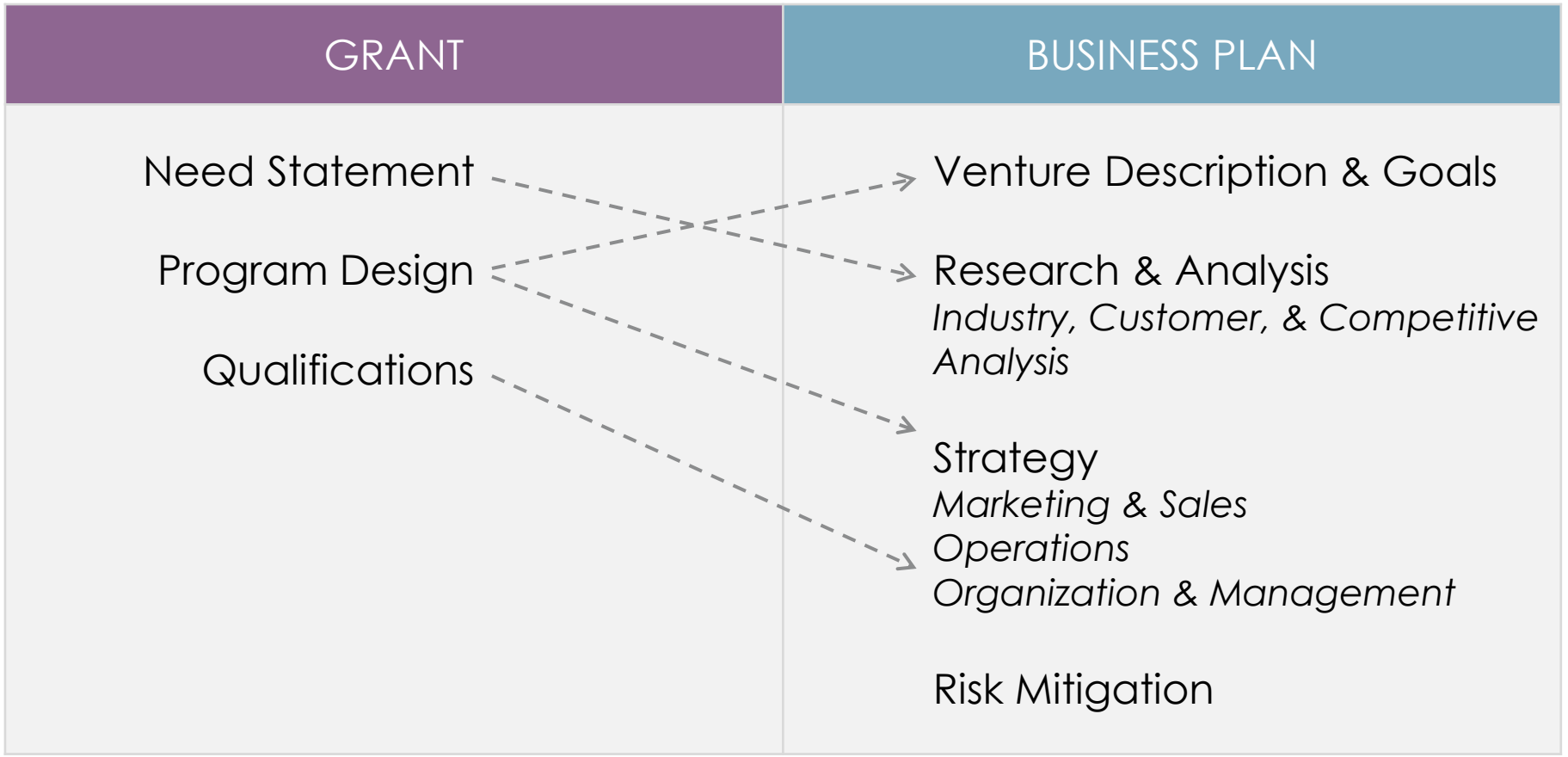
Business Plan

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.

Business Plan vs. Grant Proposal



Source: Virtue Ventures; 2002

A Good Business Plan Explains:

Who You Are 1

What Need You Fulfill 2

Why You Are Unique 3

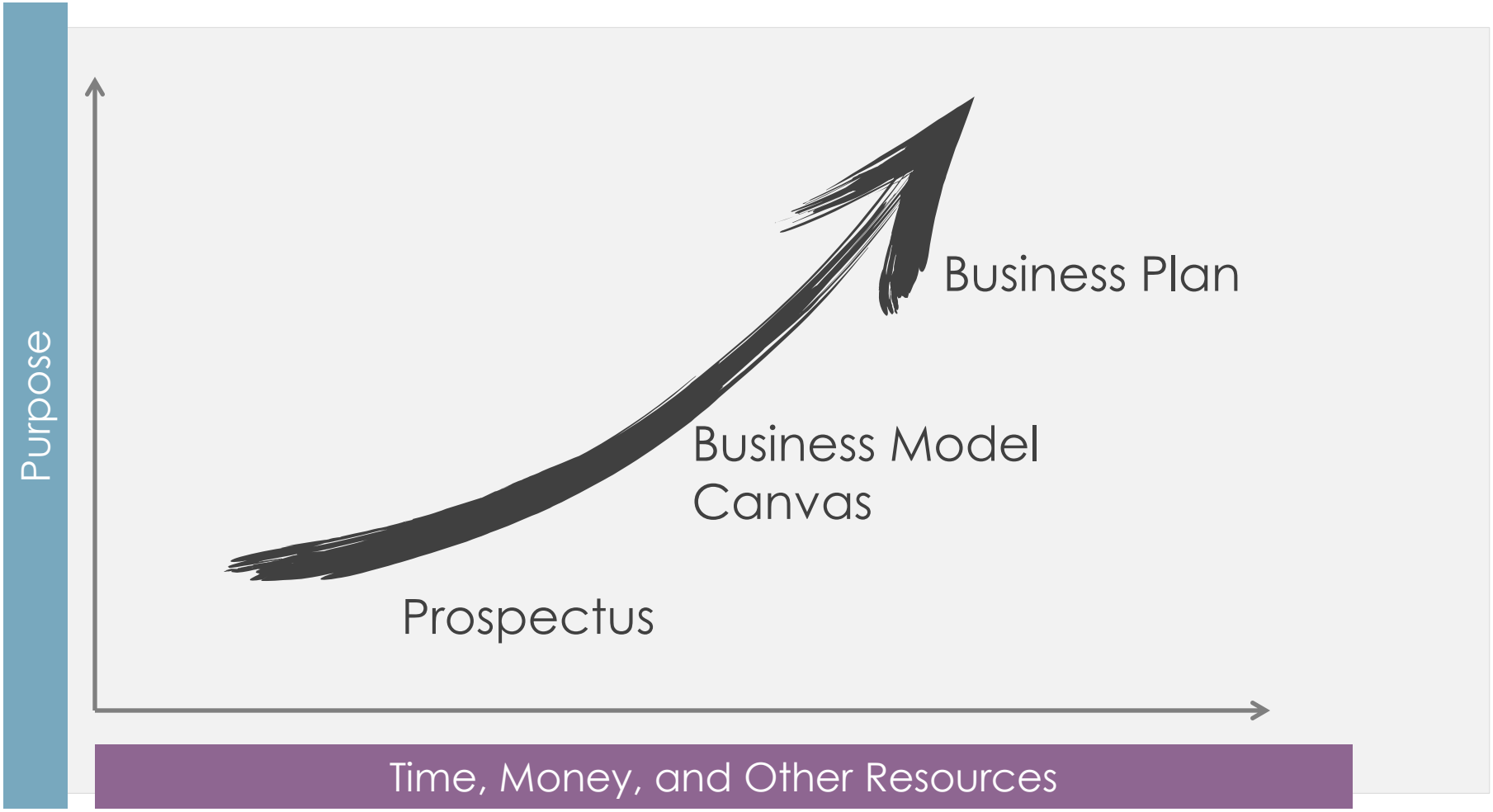
Who Your Customers Are 4

What You Do & How 5

Where You Operate 6

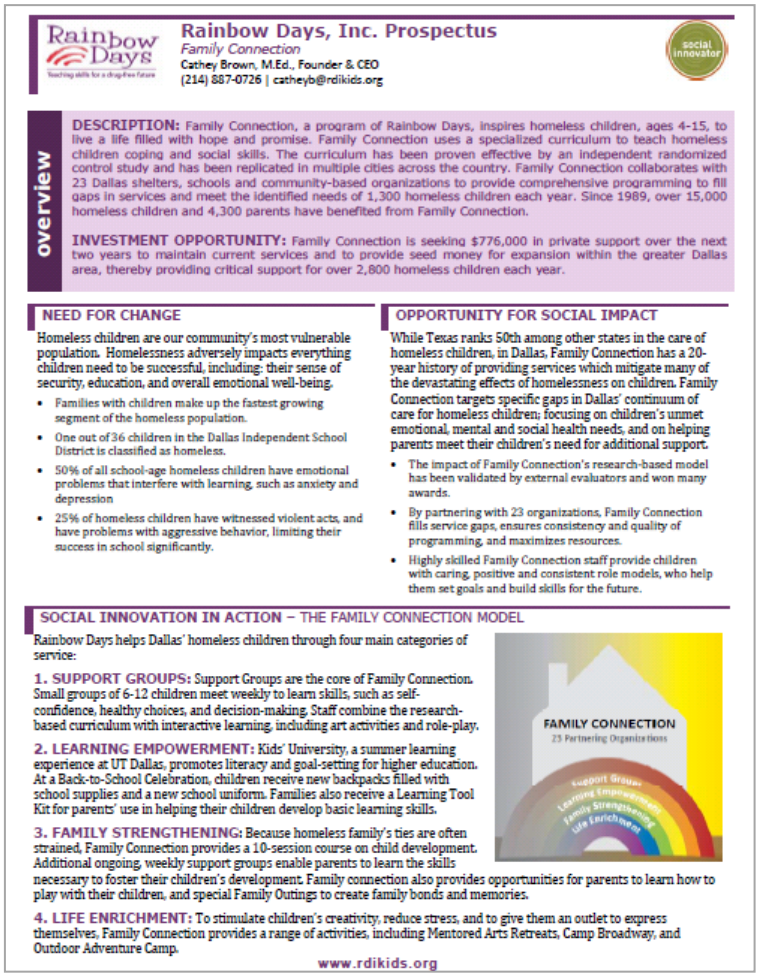
How You Will Be Sustainable 7

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

Rainbow Days, Inc. Prospectus

Family Connection

Cathey Brown, M.Ed., Founder & CEO
(214) 887-0726 | catheyb@rdikids.org

social innovator

overview

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: Prospectus

Business Model Canvas Template

Anchor Purpose
- The underlying motivation and goals for existing
- Its larger purpose within the community

Stakeholders
- Those who have a vested interest in organizational success
- Those who are affected by organizational outcomes

Unique Value Proposition
- The value brought to stakeholders and differentiation from existing options
- How the value translates to service offerings and delivery

Reach
- How the organization can grow its impact by expanding reach within its core region

Community Need
- How the organization will determine which needs of the community are not being met and how it can meet them

Outreach Strategy
- How the organization will interact with the community, build awareness and achieve initial buy-in

Key Talent, Activities & Resources
- What talent is needed to realize impact
- What key activities and resources are needed to launch and create value for stakeholders

Costs
- The key cost drivers for base operations and service delivery

Sustainable Revenue Streams
- The key revenue streams and the mix of revenue sources required for long-term sustainability

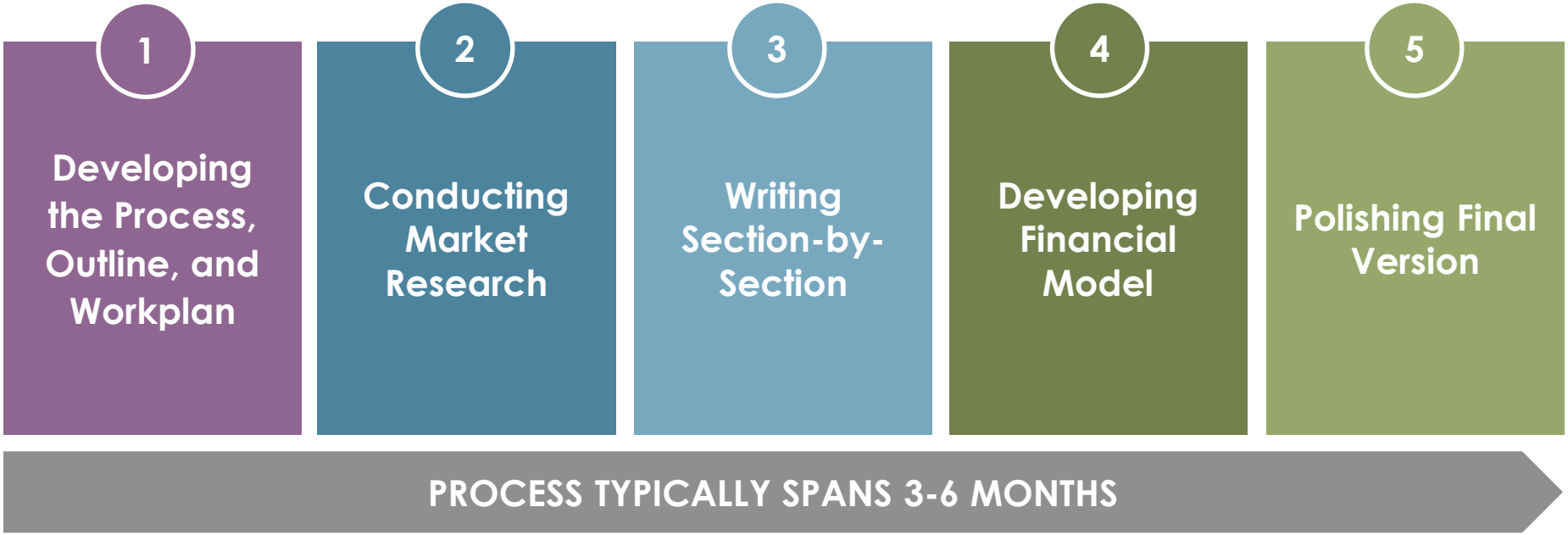
Impact
- The intended community benefit of the organization and how it will measure its outcomes and impact

Business Plan Outline

- Executive Summary
- Venture Description & Goals
- Industry & Customer Analysis
- Competitive Analysis
- Marketing & Sales Strategy
- Operations
- Organization and Management
- Financials
- Risk Mitigation
- Appendices

Deep Dive: Business Planning Template

Five Step Process



Keys to Success

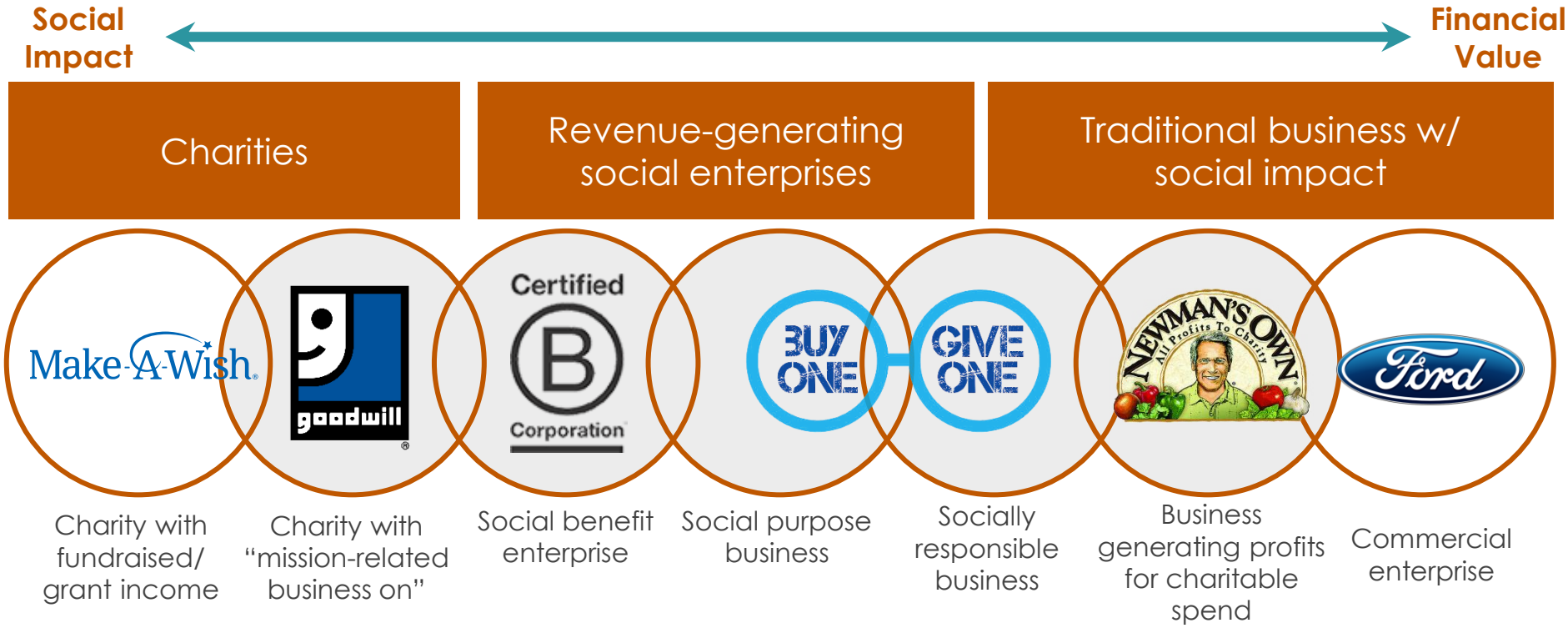
- Creates a compelling story about your venture - explaining who, what, when, where, how and why.
- Should be focused and clear
- Defines specific objectives and goals with general parameters to guide the venture.
- Forces logic and discipline and ensure greater success.
- Showcase both credibility and competency.
- Should be a living document and updated regularly.

Source: U.S. Small Business Administration

Q&A / Next Steps

Bonus Slides

Social Enterprises Continuum



Grey area in which organizations are often loosely referred to as social enterprises.

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Social trendSpotter

Latest Trends in the Social Sector

Our weekly blog, Social TrendSpotter provides you with the latest trends and ideas within the social sector. It merges current thinking with the edge of innovation to inspire, motivate and take action, so together we can create a better sector.

CHECK OUT THESE ADDITIONAL RESOURCES:

- 9 LESSONS FROM A FOUNDING FATHER OF SOCIAL ENTERPRISE
- SOCIAL INNOVATION, SOCIAL ENTERPRISE & SOCIAL ENTREPRENEURSHIP DEFINED
- 5 TRAITS OF SUCCESSFUL SOCIAL ENTERPRISES
- LAND A BIG FUNDER WITH A NONPROFIT PROSPECTUS
- SOCIAL BUSINESS MODEL CANVAS EXPLAINED

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- @Socialtrendspot

Suzanne Smith, MBA

Founder & CEO, Social Impact Architects

EDUCATION EXPERIENCE

- MBA, Duke University's Fuqua School of Business
  - Selected as CASE (Center for the Advancement of Social Entrepreneurship) Scholar
- Adjunct Professor – The University of Texas at Arlington

AWARDS & HONORS

- Best for the World Small Business Award, B Lab
- Top 10 Social Sector Blog, Huffington Post
- Next Generation Social Entrepreneurs Award, SE Alliance
- Young ATHENA Award, Dallas Regional Chamber
- 40 Under 40 Award, Dallas Business Journal
- Women in Business Award, City of Dallas
- 2014 Collaboration of the Year, Workforce Solutions of Greater Dallas

COMMUNITY LEADER

- TEDx Speaker, "Everyone Can be a Changemaker"
- City of Dallas – Past Appointments to City of Dallas' Arts and Culture Commission, Library Board, Landmark Commission, Mayor's Task Force on Poverty, Mayor's Commission on Homelessness, South Dallas/Fair Park Trust (Vice Chair), Landmark Commission, and Board of Adjustment (Vice Chair)
- Member, Junior League, Leadership Dallas, Dallas Summit and Leadership North Texas

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