



Social Enterprise Ventures LLC

# Mission & Money Mix Diversifying Your Revenue Stream

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# Session Objectives

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- To explore the meaning of the terms social entrepreneurship/social enterprise
- To begin to understand the possible benefits and risks of integrating an earned income venture within your organization
- Explore your organizational assets
- Generate a list of earned income opportunities for your organization



What are we talking about ?

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**Social Entrepreneurship**

**and/or**

**Social Enterprise**



# Social Entrepreneurs

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Change Agents in the social sector who adopt a mission to create and sustain social value. They recognize and relentlessly pursue new opportunities and engage in a process of continuous innovation, adaptation, and learning.



# Social Enterprise

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**Any organization or venture that achieves its primary social mission using earned income strategies.**

**Earned Income is payments received in direct exchange for a product or service.**

*Boschee, Jerr. **Migrating from Innovation to Entrepreneurship: How Nonprofits are Moving toward Sustainability and Self-sufficiency.** Minneapolis, MN: ENCORE! Press, 2006*



# Entrepreneur vs Enterprise

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## Social Entrepreneur

- Social Value
- Profit Not a Gauge
- Change Agents
- Innovation
- Risk is OK

## Social Enterprise

- Mission & Money
- Earned Income
- Double Bottom Line
- Business Model
- Market Research



# Earned Income is NOT

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- Traditional funding
- Grant Money
- Gifts/Donations
- A “quick fix” out of a crisis
- For Everyone

# Earned Income Ventures

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# Earned Income Ventures





# What is Different about Earned Income ?

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Earned Income is....

- Generating sustainable new resources to support your mission
- Implementing new ways to leverage existing assets
- Decreasing dependency on the external funding community



# Stages of Diversifying Income

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- Dependency
- Sustainability
- Self-Sufficiency

# What is Involved?

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We have learned that there are eight basic steps involved in the journey to launch a successful earned income venture.



# Steps in the Process

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- Identify Mission & Financial Driven Outcomes
- Asset Inventory
- Brainstorm Earned Income Opportunities
- Feasibility – Market Research



# Steps in the Process

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- Costing & Breakeven Analysis
- Market Positioning
- Business Plan
- Financing



# Potential Risks

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- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_



# Step 1: Outcomes

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- Identify two or more mission driven outcomes
- Identify two or more financial driven outcomes





# Mission Driven Outcomes

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- Increase the number of clients served by 25% within 5 years (136 new clients)
- Develop a new program to serve an unmet market need within 3 years



# Financial Driven Outcomes

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- Generate 25% of the annual budget from earned income ventures; \$125K within 5 years.
- Replace lost grant income of \$80K within 3 years.



# Assets

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What You Know What Do Give Away ?	What You Have	Who You Know
Interpreter Services	Physical Assets	Funders
Education & Training	Intellectual Property	Corporations
Barrier Removal Services	Brand/Reputation	Key Decision Makers

# Asset Identification A Matter of Perspective



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# Step 2: Asset Identification

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How: Individually

Time: 15 minutes

- Identify your organization's key assets
- Assets are:
  - What You Know (Services)
  - What You Have (Physical, Knowledge)
  - Who You Know (Relationships)

# Evaluate Your Assets

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- Is your asset unique ?
- Who would value the asset?
- How valuable is the asset?
- Who would pay for it ?





# Leverage Your Assets

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## Assets

- Athletic Fields
- Concession Stand
- Portable Classrooms
- Lights

## Opportunities

- Field Rental for Sports Teams
- Space Rental for Special Events



# Step 3: Brainstorm Earned Income Opportunities

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- **Review your lists of assets and brainstorm potential opportunities. (10 minutes)**
- **Share ideas and agree on the top 5. (10 minutes)**





# Objective Criteria

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- Fits within our Mission
- No impact on current staff
- Will not detract from current programs
- Will enhance agency image
- No or minimal start up funding
- No initial capital expenditures
- Has potential income of \$\_\_\_\_\_ within \_\_\_\_\_ years



# Typical Outcomes

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- Fundamental and systemic changes in the way you manage your nonprofit business.
- A business plan for an earned income social enterprise venture.
- Enhancement of current programs and services by providing value added benefits that create new income sources from new payer markets and customers.
- A new objective method by which to evaluate current and future programs, services and income opportunities.
- A new language.



# Assessing Organizational Readiness

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- Board and Staff are willing to invest in change from *charity-think* to *sustainability!*
- Board and Staff are open-minded.
- Board and Staff create a dedicated team to learn social enterprise.
- Ensure that every member of the team is committed to the journey.
- Board and Staff are willing to invest the time and dollar resources into learning social enterprise.



# Myths about Social Enterprise

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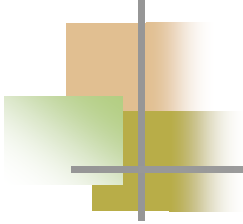
- Nonprofits can't make a profit. *You do now – you just aren't paying taxes on it!*
- It's a quick fix – *We can do this tomorrow.*
- If we earn money, we will lose our nonprofit status – *Nope. Not likely.*
- What if we have to pay tax? *Well, what if?*

# Wrap Up

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- Questions ?
- Want to Learn More?
  - [www.socialenterpriseventures.com](http://www.socialenterpriseventures.com)
  - [www.se-alliance.org](http://www.se-alliance.org)
  - [www.skoll.org](http://www.skoll.org)
  - [www.ssireview.org](http://www.ssireview.org)



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