

Introduction to Social Enterprise

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**University of Maryland
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About Social Enterprise Associates

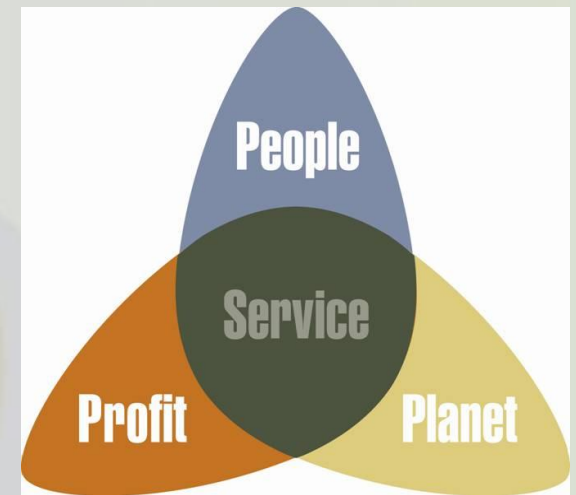
Consulting firm - Registered 'B Corp'

Social Enterprise Associates is a consulting firm with a network of experts. It offers consulting & capital raising to triple bottom line efforts- for people, profits, planet.

Registered 'B Corporation', recognized:

2011 'One of the Best for the World' small businesses

2012 Honoree Sustainable Business of the Year



Drew Tulchin, Managing Partner, MBA

- Former Program Officer, Grameen Foundation
- Written >100 business/strategic plans; efforts raised >\$100 mil. in capital
- Biz plan winner, Global Social Venture Comp; raised \$1.2 mil. in social investment
- Judge in international social enterprise & social business competitions

Consulting Examples



World Food Program: Investigated how to engage private sector for \$400 million. Wrote white paper on public-private partnerships



The SEEP Network: Worked with 5 projects to develop sustainable plans, new products, new markets, and link to global North resources



Future of Fish: Capital advisory for entrepreneurs launching market-based initiatives that drive sustainability, efficiency, and traceability in the seafood supply chain.



Plan International: Contributed to national studies on economic sector growth opportunities for young adults, agricultural businesses, and entrepreneurial value chain assessments.



SW Native Green Loan Fund: Structured to involve small foundations in public-private partnership for green infrastructure

About You!

Who are you?

What question do you have about social enterprise?

Let's answer questions throughout

What is 'Social Enterprise'?

Mission: Helping people and/or the environment

Mean: Using market-based business models



Source: Asian Venture Philanthropy Network (AVPN)

Why Need Social Enterprise?



Why Need Social Enterprise?

- Worldwide: 3 billion in poverty (live < \$2 / day). Most countries, few employment options; people on their own; civil society to help them
- In US: poverty on rise & need increasing, NGOs have to do more w/ less, sustainably Business plays increased positive role in society
- POOR PEOPLE pay more for services. Many lack access (food deserts, isolated communities, 'bad stats')

ACCESS to capital is a 'foundational right', because having it allows other rights to build upon it.

- Prof. Yunus, Nobel Peace Prize Recipient 2006

History of Social Enterprise

- **Historical antecedents**

Monasteries – trade in wine and cheese

Performing arts – admission fees

Higher education – tuition

- **Private sector social enterprise forerunners**

1890s Carnegie model ‘make fortune 1st then give away’

1910s Rosenwald model ‘long term market dev’

1960s Norris model ‘addressing the major unmet needs of society as profitable business opportunities’

Trends

- **Formalizing, Professionalizing, Organizing**

B Corps

L3Cs



- **Social Investing**

Equity investment in social ventures

Permaculture



Crowd Sourcing & Funding



Peer-to-Peer Lending

(like eBay, but for loans)

Borrowers request loans, amounts vary by site, range \$2 K - \$25 K

Lenders invest as little as \$25

Facilitated by website for fees

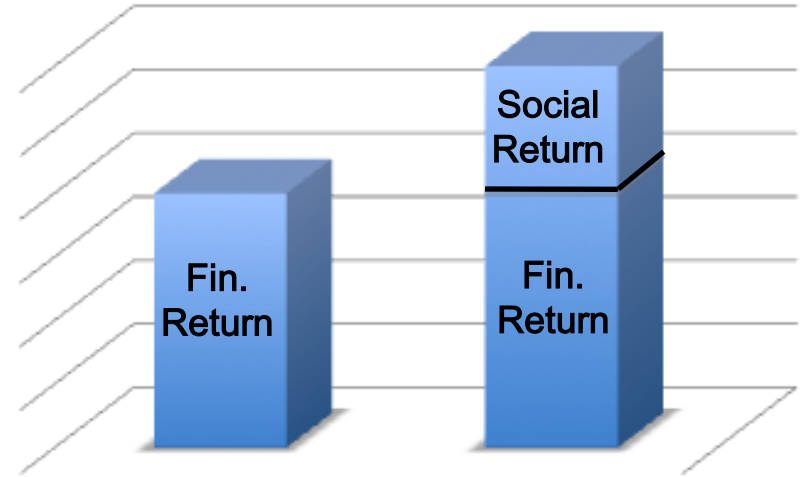
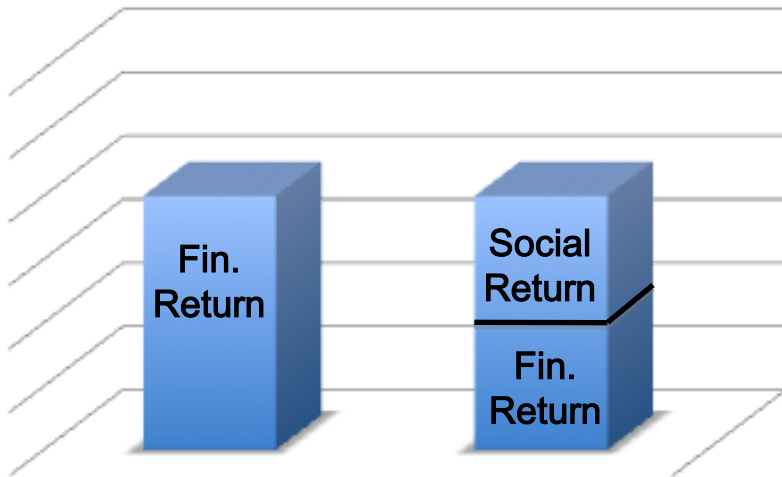
Crowd Funding – donations

Crowd Sourcing – selling via promotion

Thinking About Returns

Social Return as substitute
for Financial Return with
respect to ROI

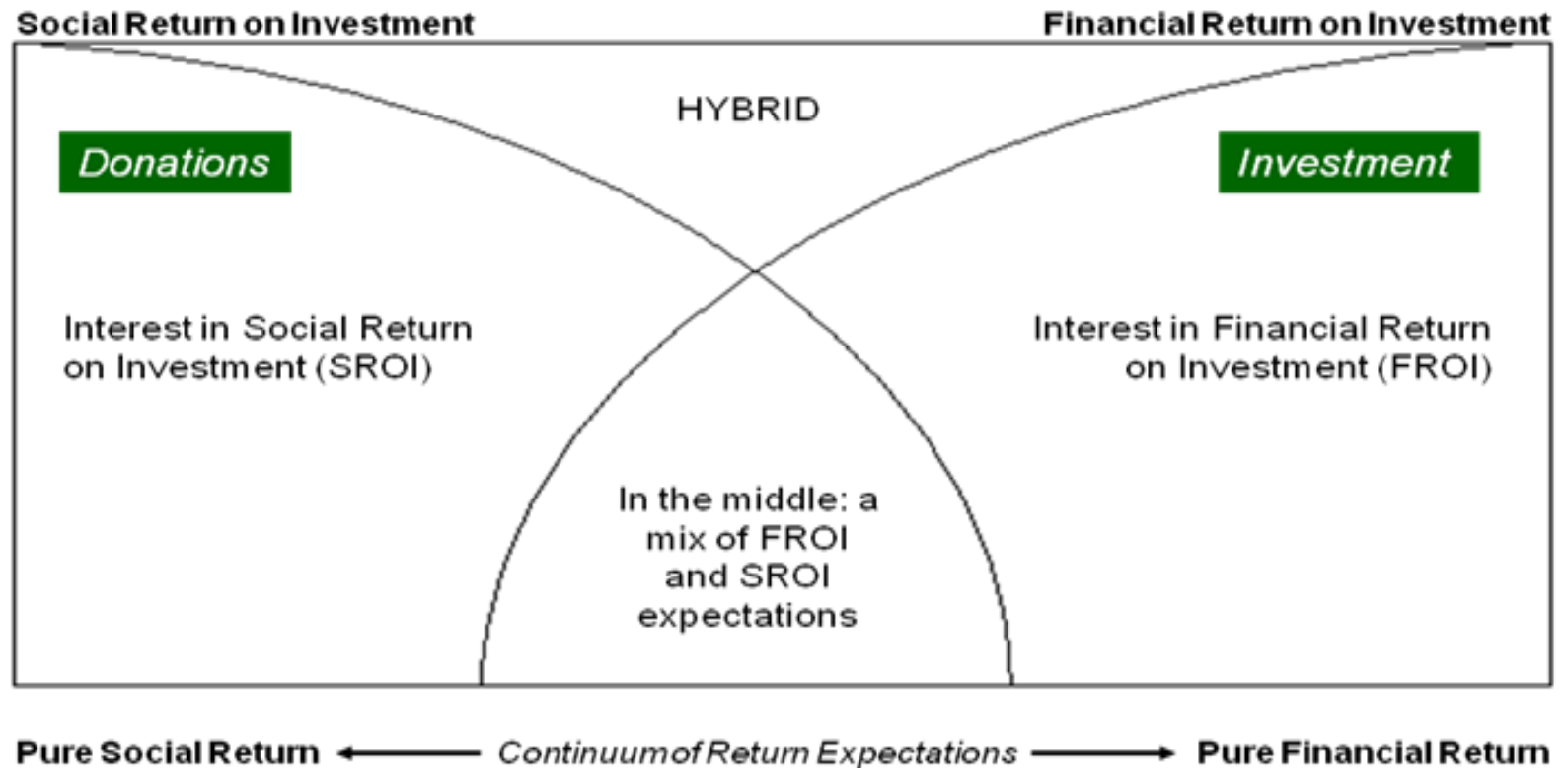
Social Return in addition to
Financial Return



How do you measure your activities to show this?

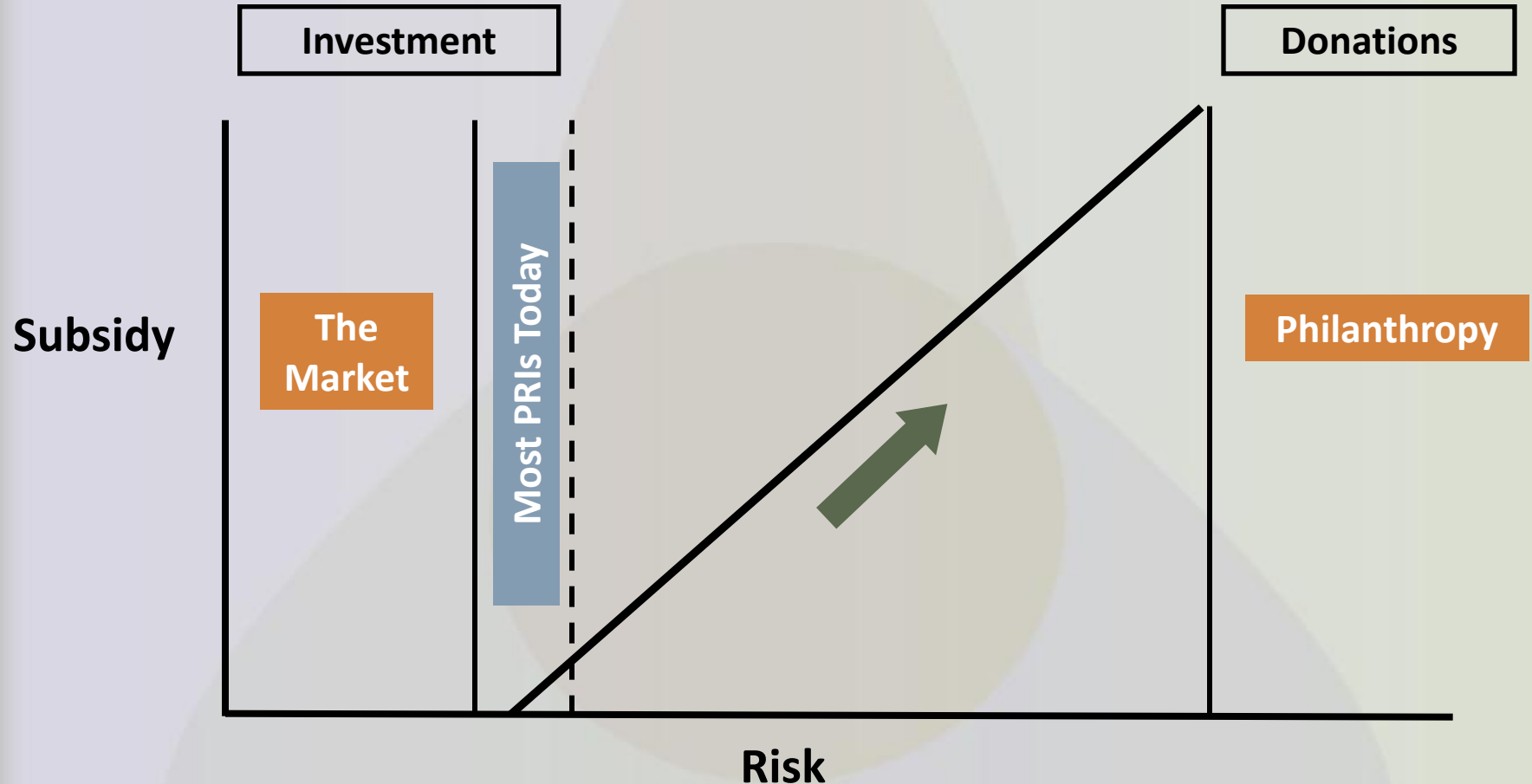
Continuum of Return Expectations

Blended Value Proposition



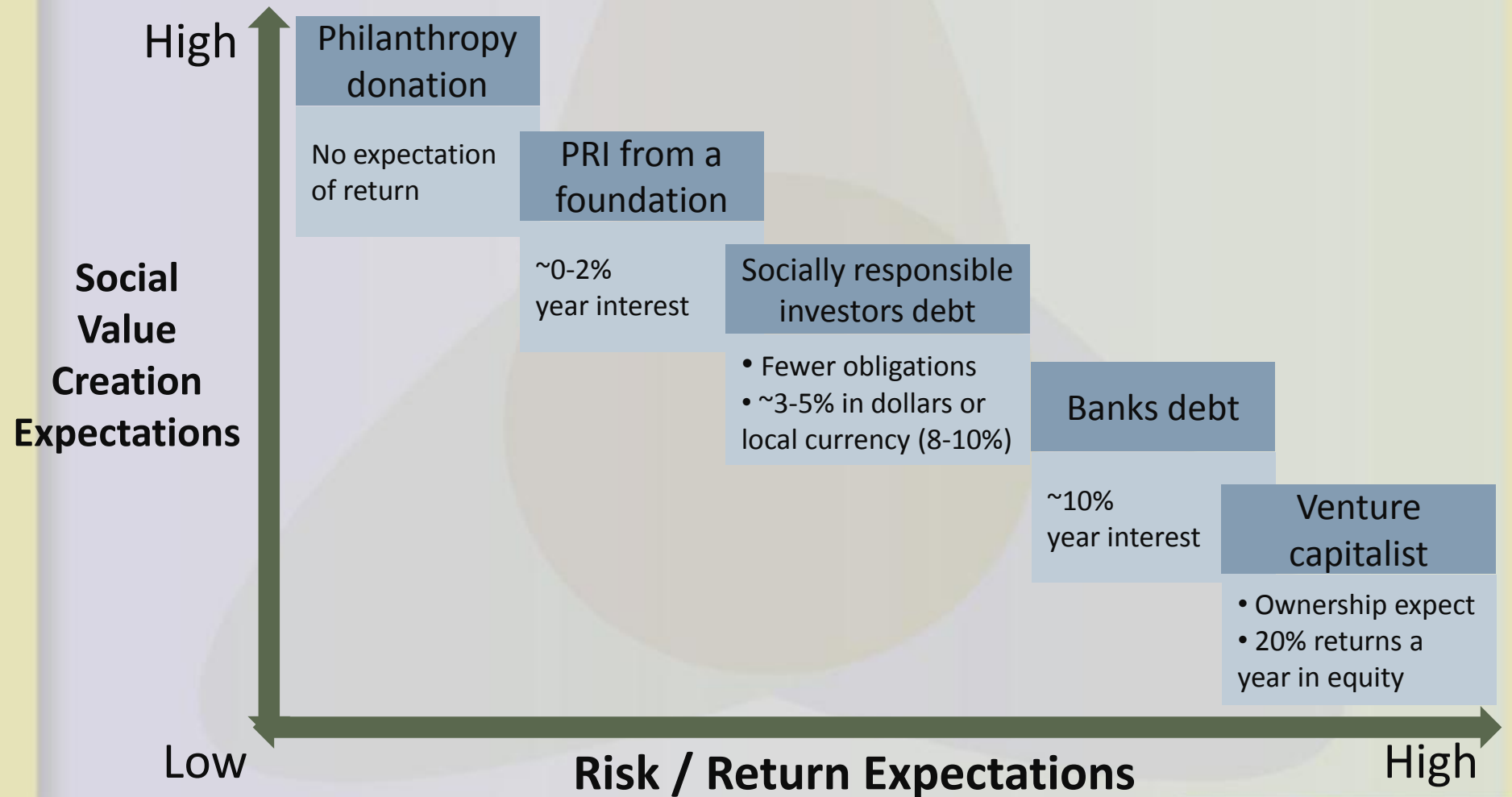
Morino Institute, Blended Value Proposition

Continuum of Investment Risk

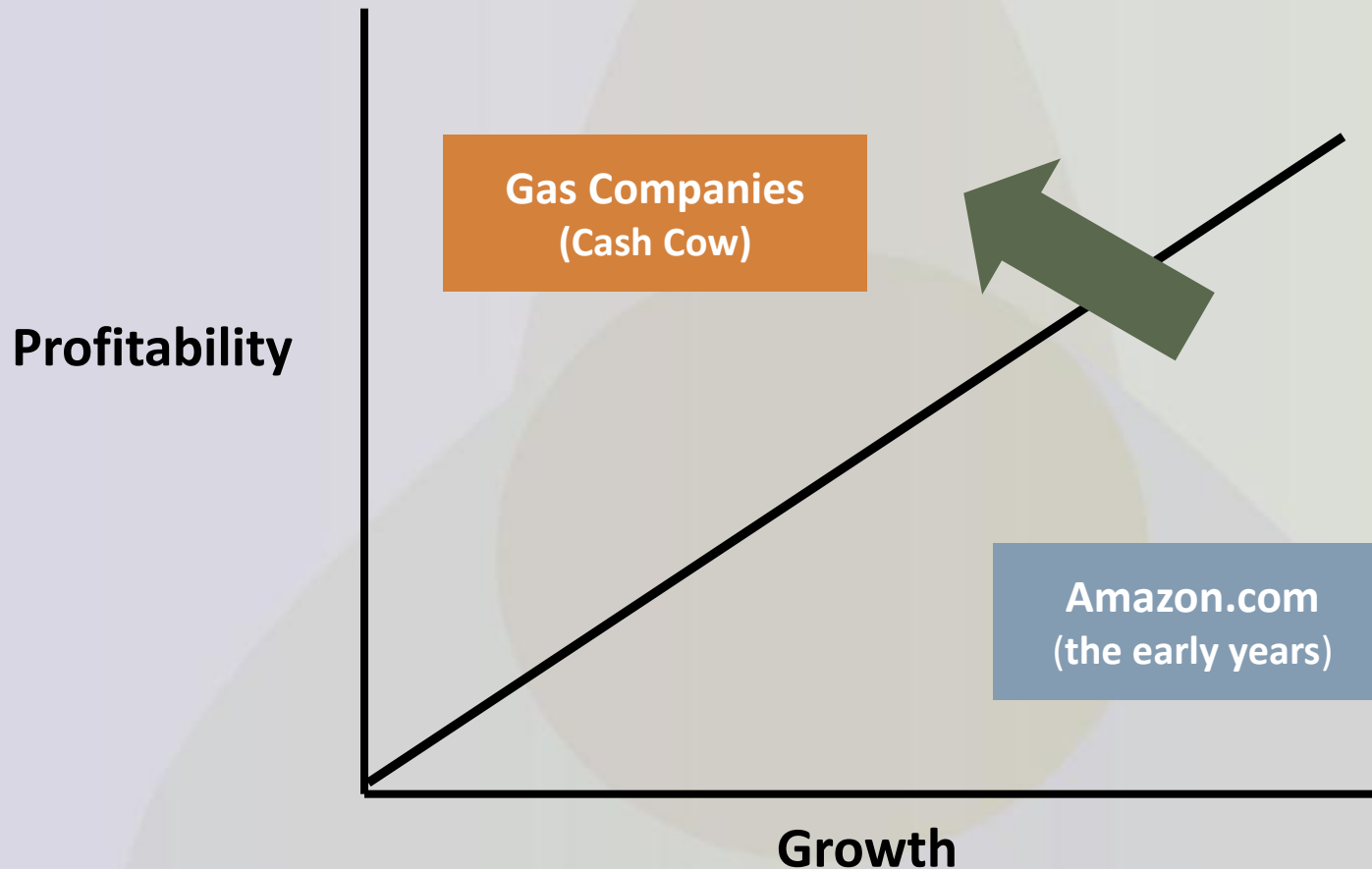


What is the optimal matching of risk & subsidy?

Continuum of Financial / Social Expectations



Growth Trade-offs



Which side of the line returns an investment?

Social Return on Investment (SROI)

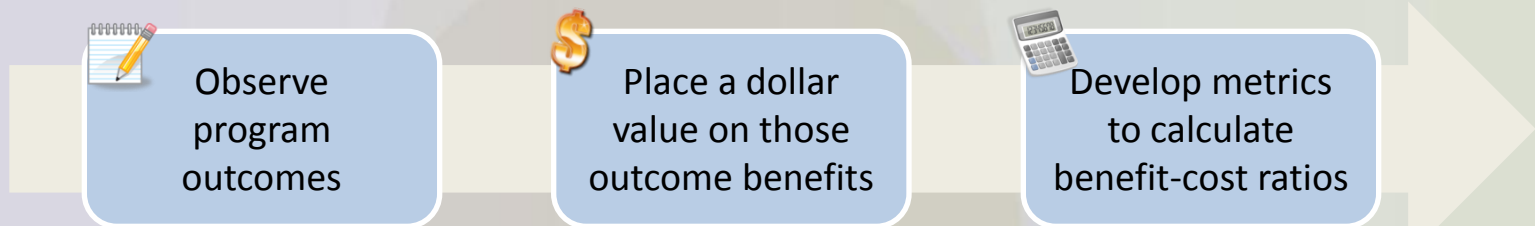
- Non-financial value created by an organization relative to the investment required – measuring our impact

$$\begin{array}{c} \text{SROI} \\ \text{Social Return On} \\ \text{Investment} \end{array} = \frac{\left(\begin{array}{cc} \text{Tangible} & + & \text{Intangible} \\ \text{Value to the Community (TV)} & & \text{Value to the Community (IV)} \end{array} \right)}{\left(\begin{array}{cc} \text{⌚} & + & \$ \\ \text{Total} & & \text{Total} \end{array} \right)}$$

- Goals
 - Assess actual value created
 - Inform management decisions
 - Align investment with value

SROI Example: Robin Hood

- Uses metrics to measure every grant it made to fight poverty in NYC.
- Performance Measurement



EX: One job-training social enterprise funded by Robin Hood

Trainee Earning Boost	2.6M	Benefit-Cost Ratio
Intergenerational Income Boost	0.3M	= RH Benefits / RH Cost
Total Income Boost	$2.6M + 0.3M = 2.9M$	= $1.45 / 0.2$
Robin Hood Benefits	$2.9M * 0.5 = 1.45M$	= 7.25
Robin Hood Cost	0.2M	

For every dollar spent by Robin Hood, the earnings of poor individuals rise by \$7.

Case Study

- Take a product and look at BOP delivery
- For-profit route or non-profit
- What is 'sustainability' here and for whom
- What are the challenges of this path

Example: Grameen Bank



Thank you!

Questions? Answers?

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Social Enterprise
ASSOCIATES