From Social Entrepreneur to Good Company

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Introduction: Reconciling the False Dichotomy Between Citizens and Consumers

The idea that profit-seeking businesses should engage in socially responsible practices is not new. However, the social enterprise sector, as it has evolved over the last ten years, represents an expansive rethinking of the role of businesses in impacting society, with some researchers finding it to be an increasingly important cultural phenomenon (Dey 2006). Within the new social enterprise paradigm, social ends are no longer a transparent add-on relegated to secondary priority; rather, they are as central as financial returns to the business purpose. This new paradigm is one in which many social innovators implement business plans in the service of their social mission. As explained by Zoe Selzer, Executive Director of GoodCompany Group, these new social enterprises are ones in which, "social mission [is] baked into the fiber of the venture" (GoodCompany Interview 2012).

As consumers grow increasingly wary of exploitative business practices and as seemingly intractable social problems are of increasing concern in the public psyche, social service providers and businesses are recognizing the benefits of reconciling their approaches to respond to citizens as consumers and vice versa. In 2009, the *New York Times* found "indications that there is increasing interest in the idea of using business to tackle the world's big problems" (Alboher 2009), a gargantuan undertaking traditionally assigned to public or nonprofit actors. But in a time of deteriorating government finances and growing skepticism regarding government's ability to meaningfully address pressing social problems such as poverty, social exclusion and the environment (Dacin, Dacin and Tracey 2011), the search for new solutions is focusing on the potential of the social enterprise sector.

There is a growing interest among the general public inbecoming a social entrepreneur, with The Economist noting that "a decade ago the term was scarcely heard; today everyone from London to Lagos wants to be one" (*The Economist* 2010). This is not surprising considering the increased exposure of inspiring, passionate, successful individuals making a difference in the world through their entrepreneurial innovations, thanks to sophisticated organizations such as Ashoka and the Skoll Foundation (Dacin, Dacin and Tracey 2011). A career of doing good while doing well is powerfully compelling, especially as anecdotal evidence of the personal, social and financial rewards inspire the public imagination. As David Borenstein notes, "people everywhere [want to] apply their talents in ways that bring security, recognition and meaning....What has changed in recent years is that the citizen sector offers a broad avenue to satisfy those needs: to align what you care about, what you are good at and what you enjoy doing...and have real impact" (Borenstein 2004, 9).

Government interest in social enterprises has grown alongside that of the general public, as evidenced by recent legislative activity aimed at creating a friendlier legal and tax environment for these unique businesses to launch and thrive. In 2009, Philadelphia became the first U.S. city to pass a sustainable business tax credit, which is currently in the first year of its pilot phase. According to Councilman James Kenney, this is a strategy for attracting "sustainable businesses...that meet environmental and social performance standards"(B Lab 2011). At the state level, the Pennsylvania legislature is currently considering a benefit corporation bill that would allow companies to incorporate, or change their existing articles of incorporation, to include fiduciary responsibility to constituencies other than shareholders (LegiScann.d.). If Pennsylvania House Bill 1616 is passed, the state will be joining 10 others that have passed similar legislation to support social enterprises(B Lab 2012). At the federal level, the Jumpstart Our Business Startups (JOBS) Act intends to facilitatethe development of tools that support social enterprises, most notably by loosening securities regulations in a way that legalizes crowdfunding.

Crowdfunding leverages online networks to raise capital by aggregating small amounts of equity from a large pool of investors.

The potential of social enterprises has not escaped the attention of the investment community, either. Impact investing is a growing phenomenon that has largely functioned as a niche activity among socially conscious investors, sometimes referred to as "philanthrocapitalists," and a handful of foundations. Impact investment is now entering the mainstream, with powerful investment institutions beginning to recognize the potential of social enterprises (The Economist 2011). Notably, J.P. Morgan released a market analysis of impact investments as an emerging asset class in 2010, finding tremendous potential for both financial and social returns. Based on independent analyses conducted by J.P. Morgan and the Monitor Institute, the sector can be estimated to have the growth potential of about $500 billion over the next 10 years (J.P. Morgan Global Research 2010; Freireich and Fulton 2009).

Many of the elements necessary for facilitating the growth and development of social enterprises have begun to take root; governmental, popular and private financial support are all mobilizing to nurture social innovations and enterprises. Despite this backdrop, social entrepreneurs face important obstacles to creating viable and disruptive solutions. These obstacles can be broadly understood as a need for improved, coordinated mechanisms for building business capacity.

The Problem: Constraints on Further Growth and Development

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The lack of business rigor among social entrepreneurs functions as a major constraint on growth and development (Koh, Karamchandani and Katz 2012), as it thwarts their ability to execute the necessary steps for moving from an idea to a scalable solution. Without the business acumen necessary to recognize the personal, financial and competitive challenges that must be overcome for a venture's success, many innovators are ill-equipped to recognize the difference between innovation and entrepreneurship. Social entrepreneurs come from a wide variety of backgrounds. Although some come from the private sector, they often emerge from an area of the social sector with the hope of implementing a new solution that can effect large-scale change. But, as Bill Drayton articulates best, "[t]here are many creative, altruistic, ethically good people with innovative ideas. However, only one in many thousands of such good people also has the entrepreneurial quality necessary to engineer large-scale systemic social change" (Drayton 2002). Successful social entrepreneurs who bring about meaningful change are those with vision, drive, integrity of purpose, great persuasive powers and remarkable stamina, who work “obsessively” behind the scenes (Borenstein 2004). Garrett Melby, Founder and Managing Director of GoodCompany Group’s Venture program, describes entrepreneurs as do-ers, those people who roll up their sleeves and work tirelessly to see their innovation thriving, regardless of the planning, refining and obstacles that appear along the path to implementation and viability. According to Melby, these entrepreneurs are not satisfied with developing an innovation and collecting accolades; they are satisfied once their innovations are implemented and being taken to scale.

Even among these unique individuals, who Melby refers to as ‘best of breed’ entrepreneurs, many do not have the backgrounds necessary to develop commercially viable solutions that attract the necessary capital for large-scale or systemic social change. A great idea is not a great business by default. Lacking the rigor and skills to develop a blueprint for connecting innovation with needs and commercial strategies, innovators may undermine their idea by attempting to launch enterprises with a flawed analysis of consumer markets and supply chains, all based on straw man financial models. The lack of business fundamentals thwarts the viability of innovations with a high potential for impact, often as early as attracting funding to launch the opportunity.

Investors carry expectations of business sophistication to address respective risk thresholds and time horizons for returns. Weak business plans deter potential early-stage investors from seeking investment opportunities in social enterprises because they cannot speak to these core expectations. This limits the access of many start-up social entrepreneurs to the business community as well as angel, venture capital and mainstream investors. Venture capital and angel investors are critical to launching innovative start-ups, and must be cultivated as critical sources of seed capital for social entrepreneurs. As Melby put it, the amount of investment capital going to social enterprises is small “on an absolute basis; on a relative basis, it’s infinitesimal” (GoodCompany Interview 2012). Social entrepreneurs cannot rely solely on government or foundation dollars to succeed. They must gain access to and legitimacy among a greater diversity and quantity of investment sources to ensure growth.

The Solution: Converging the Social and Commercial Approaches to Entrepreneurship

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There is a perception that the entrepreneur and the social entrepreneur are not one and the same. The business entrepreneur is believed to focus on wealth creation as a way of measuring value,and the social entrepreneur as viewing wealth creation as a means to their social mission (Dees 1998). Yet this distinction is not universal, and there is a growing class of social entrepreneurs adopting characteristics of both 'business' and 'social' entrepreneurship. The nature of all entrepreneurs is to identify a problem and develop a market-based approach to solving it. The prevailing assumption is that commercial and social innovations are fundamentally different in their ability to survive in the presence of market forces (Bishop and Green 2012). But many social entrepreneurs are operating in the same markets with only nuanced differences, and often with a comparative advantage rather than the assumed financial disadvantage.

This class of social entrepreneur develops sophisticated financial models and coherent business plans, and delivers financial returns. These are not earned revenue models for nonprofits, nor alternative legal structures that deviate from the sole fiduciary duty to earn revenue for shareholders. What makes them social entrepreneurs is that their business model is a profit-driven approach to addressing an unmet societal need. This approach is similar to the emergence of strategic corporate social responsibility (CSR), as described by Michael Porter and Mark Kramer in "Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility":

If [...] corporations were to analyze their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, a constraint, or a charitable deed—it can be a source of opportunity, innovation, and competitive advantage. (Porter and Kramer 2006, 80).

Similar to public companies that change their approach to CSR from responsive to strategic, these entrepreneurs are building business models around *value chain* social impacts. In the context of strategic CSR, these are social issues that are affected by the company in the regular course of business (Porter and Kramer 2006). Unlike corporations that add a social approach to their existing business operations, entrepreneurs identify a segment of a social impact value chain and build profitable businesses around addressing that need. The advantage is the ability to create a company culture embracing social objectives at the core of their value proposition.

GoodCompany Group is at the forefront of converging social entrepreneurship and business strategies. The organization helps promising social innovators realize their full impact by applying rigorous analysis and proven growth strategies that attract capital from the business and venture communities. GoodCompany believes that with adequate capital resources and sound business models, social innovators can leverage market forces to address societal needs. They deliver their mission through three programs. Their Beginnings program, which provides mentoring for individuals considering entrepreneurship, helps aspiring innovators understand the enormous challenges of being an entrepreneur, and provides an honest assessment of their social innovation. The Residency program is a traditional business incubator. This shared office space, located in downtown Philadelphia, provides entrepreneurs a community of innovation, mentoring and shared resources. The incubator space serves as a platform of collaboration where entrepreneurs in the exploration, experimentation and execution phases can share ideas, resources and solutions to a variety of problems (Nambisan 2009). Lastly, the Ventures program is a business accelerator that equips aspiring social entrepreneurs with the business fundamentals they need for success.

Social enterprise accelerators are playing an increasing role in the development of profit-oriented approaches to social entrepreneurship. Traditional business accelerators attract talented individuals in a specific industry or sector to develop cutting-edge, commercially successful advances (Fishback et al. 2007). The traditional accelerator identifies commercially viable products, then provides critical funding and mentoring in exchange for an equity stake in the enterprise. Their goal is to ensure entrepreneurs fully understand target markets, supply chains and pricing structures, all supported by sound revenue models that will facilitate growth. What differentiates social enterprise accelerators is the mission of attracting individuals fundamentally driven by social objectives. Through the application process, the accelerator identifies talented individuals with unique and scalable innovations for addressing a major societal issue. In contrast to traditional accelerators, GoodCompany does not take an equity stake in the enterprises it supports. This is a bold declaration of social purpose, emphasizing GoodCompany's commitment to cultivating viable solutions and to balancing financial and social returns. GoodCompany's accelerator model applies four simple criteria:

1. Is the proposed solution innovative?
2. Does the solution have the potential for large-scale impact?
3. Is the solution commerciallyviable?
4. Does the entrepreneur possess the passion and drive to implement the solution?

These four criteria are similar, with the exception of the commercial focus, to those used by Bill Drayton to elect Ashoka Fellows. For Drayton, the selection criteria drive out the ultimate question of whether the idea and the person can change the pattern in the field they operate (Bornstein 2004). In GoodCompany's case, the pattern change is leveraging commercial markets to identify and implement solutions along the social value chain. The criteria are crucial to ensuring the social orientation of the proposed venture and that the entrepreneur has the qualities and relentless passion to implement their innovation. If they meet the core criteria, the entrepreneur has the opportunity to drive social value out of traditional market approaches.

Business rigor is not always natural to even the most promising social entrepreneurs. Accelerator curriculums are therefore designed to develop the survival skills for a competitive market. Through a crash course on business fundamentals, GoodCompany often completely breaks down and rebuilds the aspiring entrepreneur’s business model for delivering social and financial value. What the entrepreneur once believed to be a sound delivery approach almost invariably fails to meet commercial standards. This raises an important distinction between GoodCompany and the traditional accelerator. GoodCompany is not interested in building a particular product. It is interested in building business models that respond to unmet social needs (GoodCompany Interview 2012). This solution-driven approach is crucial to identifying social innovations that are scalable. GoodCompany works with entrepreneurs in structuring business models around addressing a social issue, not on forcing a product to market. This process may require them to develop a completely different product or service than what they originally envisioned. A participant may discover that developing a low-cost, ‘good enough’ solution will result in greater market penetration and provide stronger footing against the competition (Christensen et al. 2006). Competitive discipline not only ensures commercial viability, it also drives out the market value of the innovation and its potential for disruption. Establishing a stronger market position also helps ensure the long-term sustainability of the organization, allowing them to deliver both financial returns and sustained social impact. In essence, the accelerator helps converge the vision of social innovators with the discipline of business entrepreneurs.

Implementing social innovations with business rigor also has a unique advantage with the angel and venture investment communities. This source of growth capital has largely shied away from social enterprises based on a perceived inability to survive in a commercial environment. But social entrepreneurs emerging from these new accelerators are demonstrating a level of business acumen that matches the most promising entrepreneurs in traditional markets. Business-driven social enterprises are developing financial models that are resilient to market forces, enabling them to attract the funding necessary to create systemic social change through scaling and replication. The entrance of angel and venture funding allows these entrepreneurs to finance their operations with dynamic sources of capital, rather than relying on inflexible sources from governments and foundations (Drayton 2002). The angel investor market as a whole grew by 12.1 percent in 2011 to $22.5 billion (Sohl 2012). GoodCompany develops social enterprises that can attract more of this early-stage funding. By increasing the proportion of these funds that are invested in business-driven social enterprises, they are contributing to the pattern shift of the venture field toward funding commercial approaches to social problems. As more funding becomes available for this form of entrepreneurship, more social entrepreneurs will develop strong business models and be inspired to think catalytically (Christensen et al. 2006). The convergence of social entrepreneurs and commercial markets has the potential to develop sustained social impacts on a large scale.

Social Return on Investment

Social Return on Investment

Social Return on Investment (SROI) is acost-benefit analysis method that seeks to quantify the non-financial value created by activity using invested resources.An SROI calculation allows organizations to assess their social impact and efficiencyin terms analogous to assessing financial returns.The potential impact of an organization such as GoodCompany that equips other promising social entrepreneurs to scale and replicate their solutions more broadly is potentially enormous, but also difficult to quantify. Measuring the SROI for such an organization requires an aggregate calculation that begins with identifying stakeholders for each of the social enterprises supported by GoodCompany, determining and valuating the inputs, outputs and outcomes for each social enterprise’s stakeholders, and so forth.

Assuming it were possible to collect all of this information for each social enterprise, two fundamental questions arise: deadweight and attribution. The question of whether a social entrepreneur would have succeeded regardless, the ‘deadweight’ measure, is impossible to answer without some subjectivity. Attribution is also challenging due to the increasing number of social enterprise incubators around the country, especially given that many entrepreneurs attend more than one incubator, albeit for very different reasons. Once we factor in the deadweight and attribution rates, we have to apply these rates to each organization participating in a GoodCompany program. To examine the potential cumulative SROI of an organization such as GoodCompany, we have conducted the calculation for One Degree Solar (ODS), a graduate of the Ventures program and current resident, as a proxy. The exact figures for each input were confirmed with ODS, but are not being published at the authors’ discretion to avoid disclosing proprietary pricing and sales information, particularly at a time when the company is in advanced conversations with potential investors. We should also note that these figures are based on actual sales figures during the ODSpilot phase, and these numbers will dramatically increase as ODS fully launches its product and spreads to additionalmarkets.

Gaurav Manchanda of One Degree Solar (ODS) attributes much of his business acumento date to GoodCompany, finding that the Ventures curriculum was critical to pivoting into a successful business model, especially given his previous experience working for an international health nonprofit.The company has its first office in Kenya as it focuses on providing affordable, renewable energy to low-income small businesses and households that currently depend on candles, kerosene and propane for basic lighting. ODS designs, manufactures and distributes BrightBox, a micro-solar lighting system that also serves as a power hub for portable electronics, particularly cell phones.ODS has three primary customers in its value chain. The first are independent resellers and vendors selling the BrightBox units, generating a reasonable margin from the resale. The second stakeholder group consists of microenterprises purchasing the units to increase their hours of operation. The benefits to these microenterprises are a savings in kerosene and an increase in productive hours from the additional light in both the morning and evening. The third customer group is individual households that financially benefit from a reduction in kerosene costs, but also benefit from the reduced health risks associated with indoor kerosene use.

INDEPENDENT RESELLERS	MICROENTERPRISES (USERS)	HOUSEHOLDS (USERS)
(I) Brightbox Purchace (B) Revenue Margin	(I) Brightbox Purchace (B) Increased Revenue (B) Energy Savings	(I) Brightbox Purchace (B) Kerosene Savings (B) Health Benefits (B) Affordable Phone Charging

*(I) refers to 'investment' or 'input' and (B) refers to 'benefit' or 'outcome'.

In addition to ODS' primary customers, the company also hires local sales staff that earn competitiveincomes and keep the money generated within the Kenyan economy. Lastly, there are the environmental benefits resulting from reduced CO2 emissions caused by a reduction in kerosene burning.

LOCAL SALES STAFF		ENVIRONMENTAL BENEFITS
(I) Opportunity Cost (B) Increased Income	+	(I) No Input/ Investment (B) CO_2 Reduction

*(I) refers to 'investment' or 'input' and (B) refers to 'benefit' or 'outcome'.

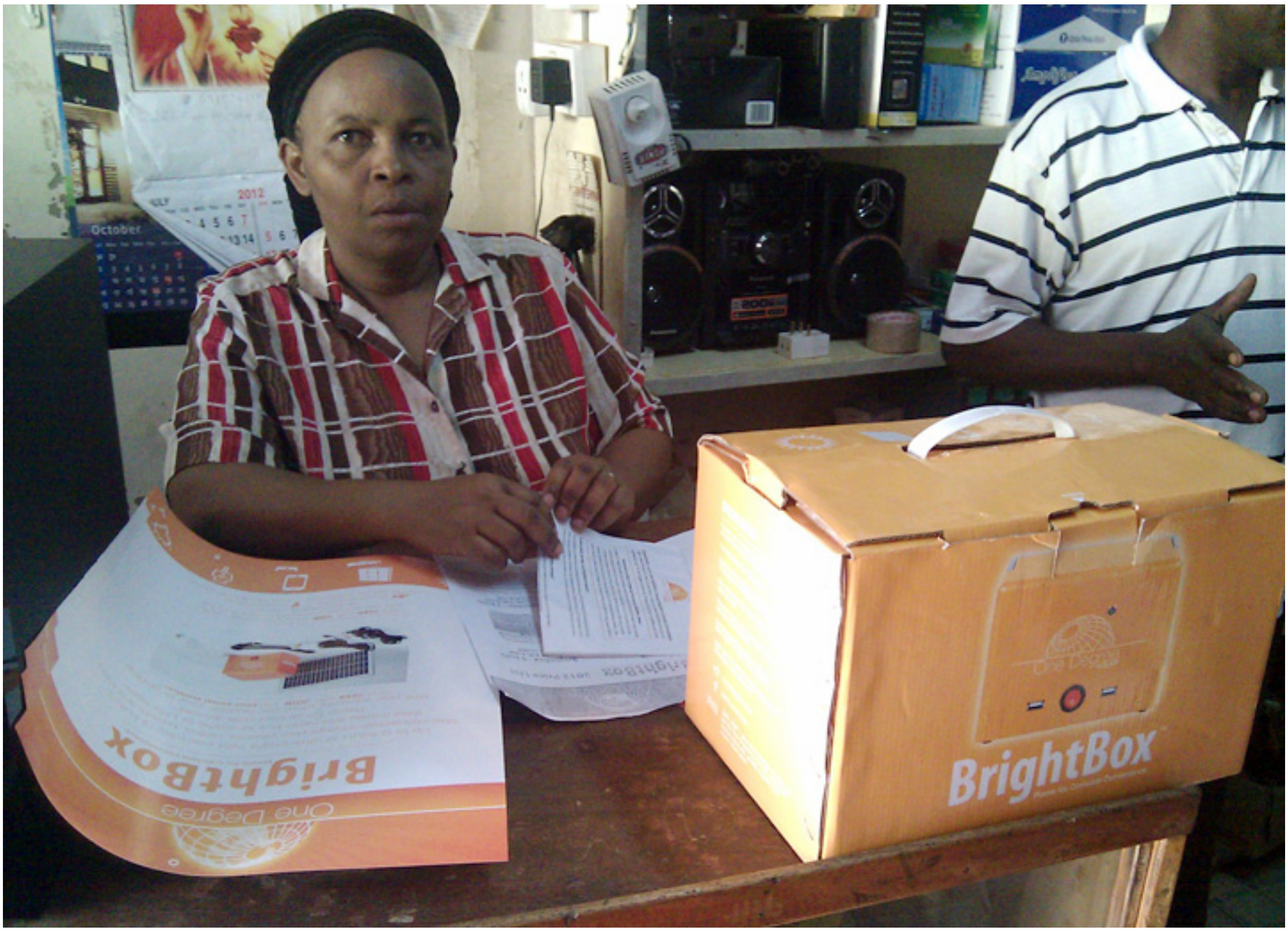
The 'Opportunity Cost' calculation is based on the average salary an ODS salesman would make in another occupation. The calculations are based on public information about the minimum wage in Kenya as well as market prices for CO2. Using the social e-valuator tool (www.socialevaluator.eu), we calculated the net social value for ODS' pilot year:

SOCIAL VALUE (ALL STAKEHOLDERS)		INPUTS/INVESTMENT		NET SOCIAL VALUE
$315,000* *[Sum of all (B)enefits]	−	$120,000* *[Sum of all (I)nputs]	=	$195,000

These numbers are impressive given the conservative estimates used for cost savings, revenue increases, health benefits and CO_2 emissions. This does not factor in economic multiplier effects in the country. What is most impressive is that these figures are based on a single country during a pilot year. Sales projections indicate an eight-fold increase over the next 18 months. Back of the envelope math brings their net social value to $1,560,000. But ODS has even greater potential given plans to expand outside of Africa into Asia. Per our calculations, if 0.01 percent of the 670,000,000 Indians that lost power during the July 2012 Grid Failure (Memmott 2012) purchased BrightBox units, their social impact would increase by at least eighty-fold.

Could ODS scale to this level? This is where the business fundamentals instilled byGoodCompany's program can make an impact, especially for entrepreneurs with relevant industry experience but limited business training. Prior to GoodCompany, Manchanda himself would admit that scaling the original business model would not have been possible. Since graduating from the program, ODS has established supply chain networks that not only facilitate product delivery, but also use locally available replacement parts (such as batteries) to repair units. After-sales support is handled via SMS and phone support, allowing customers quick and easy product support from anywhere. The SMS support also facilitates the collection of social impact data that contributed to the underlying calculations above. It is worth noting that much of this information came *voluntarily* from customers. ODS' customers are excited about their reduced kerosene usage (in terms of energy savings), increased productivity, and that a company is interested in their customer experience and actively collecting feedback (ODS Interview 2012).

You might have noticed the use of 'customers' rather than 'beneficiaries.' This is important to the commercially driven social entrepreneur such as Manchanda that is delivering a product to market, not a service to beneficiaries. ODS is a great example of a social enterprise targeting a specific 'value chain' opportunity in social impact. They are an organization focused on delivering a product with significant demand in the market(s) in which they operate. ODS is not designing for the poor or helping groups of beneficiaries that may '*need*' their product or their support. Rather, ODS studies consumer psychology and brings proven strategies to untapped markets. In short, they don't want to patronize or belittle their customers, they want to enrich their lives by providing a product that consumers choose and truly *want*. Their product is carefully deigned to consider locally available replacement parts, which certainly has social benefits, but was commercially motivated as a means to ensure customers continued to use and promote the BrightBox to friends and relatives. The SMS after-sales support network allows them to survey customers and collect social impact data, but it was designedas a means to connect with customers and gather valuable market research. These distinctions are incredibly important to this class of business savvy social entrepreneurs, and truly differentiate them from the plurality of social enterprises.



What does GoodCompany have to do with all of this? GoodCompany helped ODS revamp their business model through more targeted market analyses, pricing and supply chain considerations, and a myriad of other business-driven considerations that helped make the BrightBox commercially viable on a larger scale (ODS Interview 2012). We will remain conservative with our estimate and assign a deadweight measure of 50 percent, based on the Small Business Associations five-year startup survival rates (SBA 2011). We use the five-year measure based on GoodCompany's anticipated time horizon for their graduates to start delivering measurable impact. How have external factors contributed to the success of ODS? This is a much harder figure to pin down, but it is clear that GoodCompany played a significant role in redirecting ODS, which most likely led to more productive encounters down the road. Based on ODS' view of GoodCompany's contribution, we'll assign a 50 percent attribution measure. This means that GoodCompany can claim 25 percent of the SROI benefits based on their contribution to ODS. If they have a similar impact on each social entrepreneur that goes through their program, it is clear that their aggregate impact has the potential to increase very quickly.

GoodCompany's SROI has the potential to be very high in the long-term, but will not be an easy one to measure. In order to arrive at their SROI, GoodCompany will need to aggregate the sector-specific SROIs of each of their graduates, which work across multiple areas of focus: education, environment, health, community and employment. A challenging exercise given the variance of metrics between sectors, but measuring each of these areas will be a valuable exercise. Authentic assessment of social impact is crucial to substantiating the effectiveness of social enterprises in addressing unmet social needs. It will also ensure that both traditional and impact investors are paying close attention to the potential of socially driven enterprises with solid business foundations.

Innovation and Disruption: From Discrete Enterprises to an Industry

The convergence of business and social entrepreneurship holds the potential for two types of disruption. Individual enterprises, through the sector-specific innovation implemented to affect a particular problem, hold the potential to disrupt a sector by developing 'good enough' solutions for underserved populations. As an industry, social enterprises hold the potential to create a broader and potentially deeper systemic disruption. This disruption would constitute a radical rethinking of the hallowed business value and culture of profit maximizing and trickle-down economics as serving society in favor of one that understands businesses as fundamentally social institutions. By growing to the scale of an industry, social enterprise would reach a critical mass of ventures that successfully pursue their business and social goals. Social ventures would thus amass evidence and demand of the approach's legitimate effectiveness in addressing social issues and generating financial returns. Furthermore, scale is central to changing the world; if the social enterprise sector does not reach enough of the people it seeks to help, the breadth and depth of its impact will be too limited to amount to significant change (Bulloch 2012). If social enterprise grows into an industry, not only in scale, but also in nature by taking unified, collective action, it can catalyze a major shift in the nature of business.

Luckily, many of the elements necessary for facilitating development and growth into an industry are in place and gaining momentum. GoodCompany Group is making significant progress at the local level, having launched 32 commercially driven ventures in just three years. GoodCompany Group serves as a bridge between social enterprises and capital, having already brought 30 million dollars in private capital to bear on Philadelphia-baked social enterprises. By propelling “best ofbreed” entrepreneurs with the necessary business rigor, and by working with investors, GoodCompany Group is contributing to an image of the industry that is attractive to investors. Access to mainstream investors is essential both to the growth and impact of individual ventures, as well as to reaching the combined scale of an industry.

In order to attract and access mainstream investors, social enterprises also need to adopt a reliable, coordinated, industry-wide assessment system. Assessing double and triple bottom line enterprises represents a unique challenge—that of quantifying success not only in terms of financial gains and returns, but also in terms of social and environmental impact. Yet evaluation and reporting metrics that incorporate a social return on investment are necessary for an accurate assessment of an enterprise’s full value and risk. Furthermore, such a tool is important for passage of benefit corporation legislation, as much of it requires reporting (often by a third party) of an enterprise's social and environmental impact. Accessible, shared metrics by which to measure, report on and substantiate impact made by social enterprises in addressing nuanced and complex social problems is important for investors and legislation, as well as to solidifying social enterprises' legitimacy as a means by which to meet social ends. Currently, a number of assessment tools have been developed, but none have been adopted as the industry-wide standard.

The lack of widespread acceptance and use of an assessment tool may be attributable to the lack of a tangible social enterprise network or coalition of broad scope. Some examples of local and national groups that represent and work to further the interests of social enterprises can be found, such as the Sustainable Business Network, which provides capacity building workshops and networking events, and B Labs, which actively undertakes legislative advocacy, impact assessment, and awareness-raising activities. Yet existing groups lack a large and representative base of members and supporters with a unified agenda to lend them power and legitimacy as the social enterprise coalition. Social enterprises would universally benefit from the resources such a network would afford the industry, including legislative advocacy for tax and other legal reform. For example, the details of how the JOBS Act will be implemented are currently under development by the Securities and Exchange Commission. By allowing companies to sell small amounts of equity to many small investors who need not be accredited as such, the JOBS Act can expand access to capital for social enterprises by allowing any citizen to invest in an innovation they find promising and compelling. Through a social enterprise coalition, the industry would be able to undertake advocacy efforts to ensure the JOBS Act is implemented to facilitate the possibilities.

Building a community of social enterprises that unify as a broad-based coalition is not a small task. Social ventures often have apparently disparate needs and interests, especially being as they work in discrete sectors and geographic areas. Furthermore, given the onerous challenges and financial constraints social entrepreneurs must endure to realize their commercially viable innovation, there may not be enough hours in the day to build a broad, industry-wide network. Yet GoodCompany Group is promoting the creation of a community through its Residency program. In this incubator, social entrepreneurs collaborate in an environment of mentoring and of sharing resources, ideas and challenges. Furthermore, by charging a monthly fee for participation in the Residency program, GoodCompany not only generates revenue to underwrite its operating costs, it also seeks to ensure that entrepreneurs leave the nest and expand the social enterprise community. Its community-building efforts are not confined to entrepreneurs. GoodCompany forges partnerships with local universities, such as the Wharton School at the University of Pennsylvania, the Fox School at Temple University, and the University of the Arts, as well as with local business leaders and investors. Through these partnerships, GoodCompany not only brings mentoring and instruction to its entrepreneurs, it also cultivates broad support, awareness of and commitment to social enterprises. The recognition of shared values and interests that arises from such a collaborative community is the springboard for collective action, an important step to development of a coalition. In tandem with reaching a critical mass of successful enterprises and the adoption of common assessment standards, social enterprises may develop into an industry with the force to create a meaningful disruption.

Conclusion

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The timing for social enterprises to emerge as a disruptive model for innovationappears propitious, as the recent failures of hallowed financial institutions, pervasiveness of unmet social needs and rising inequality have stirred discontent and rethinking of traditional approaches to generating and distributing wealth. Social entrepreneurship has emerged as an alternative model that can create social value while maintaining financial stability, with an increasing prevalence of social enterprises that deliver sound financial returns while addressing unmet needs along the social value chain. Social enterprise accelerators are contributing to the development of what some have dubbed hybrid organizations, bringing discipline into the social sector and humanitarian principles into modern capitalism (Battilana et al. 2012). But social entrepreneurship is not a silver bullet. Even best of breed entrepreneurs with the necessary balance of passion, business acumen and social focus will be unable to address all social issues, as some sectors or needs are not susceptible to market-based solutions and will require continued philanthropic and government support. But these unique entrepreneurs, in coming together as an industry with a mission, have the potential to humanize the economy and redefine the meaning of economic value to include both social and financial returns.

Company Websites

GoodCompany Group: http://goodcompanygroup.org/
One Degree Solar: http://www.onedegreesolar.com/

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