

Enterprising For Income and Lasting Change: It's About Becoming Sustainable

[Michael R. Hess](#) 25 May 2011

In the aftermath of these recessionary times, it is no secret that nonprofit organizations are challenged by growing demand for services, enhanced by depleting cash reserves, funding cuts and less discretionary funds from donors. To rise above these changing conditions, there are ways of enhancing mission, generating social impacts and finding new sources of money. There are innovative strategies that can come to the aid of nonprofit organizations to enable them to survive and thrive in this difficult economic environment.

The key question to ask is: What do we do well that can be replicated in a profitable manner, that will provide scalable impacts and build sustainable income? Kate Barr, the Executive Director of the Nonprofits Assistance Fund, explains, "When nonprofit organizations adopt entrepreneurial, market-based strategies in order to earn income in support of missions, the ventures are generally referred to as social enterprises." These enterprises are fueled by a "double bottom line" of both social and financial returns on investment. Both are important, and both need to be recognized and measured for their

respective results.

An organization looking to transition into or incorporate principles of social entrepreneurship will then need to consider the following questions:

- What are we passionate about?
- What core program or service do we do extremely well?
- How do we measure our social impacts and communicate them clearly to stakeholders?
- Can these outcomes be translated into financial returns on investment (outcomes per dollar invested)?
- Can this service or program be marketed, commercialized and monetized to bring in new income?
- How do we become known for this great program/service, build our brand and build momentum in the marketplace?
- How do we develop a sustainable business model in support of this growth?
- What amount of investment is needed to support the infrastructure changes in support of this growth?
- How do we package, communicate and effectively present this dynamic growth model to interested stakeholders?

As you can see, these are different questions than ones

asked in traditional grant applications. The granting process has worked well for over a hundred years, and rewards lean body mass—as well it should. Grantees gloat about 93 percent of funding being allocated in direct support of programs. However, the foundation granting process has caused nonprofit organizations to live on a strict overhead diet and to learn how to do more with less, which requires staff to wear many hats while working longer hours. As a result they are focused on goals and milestones that are specific to the grantor's guidelines and expenditure rules. This granting process operates in an environment that is focused on community needs and problems, as opposed to social enterprise, which is driven by marketplace demands and opportunities.

On the positive side for the traditional grant-based model, nonprofits have learned how to become experts in their respective fields, have honed successful skills and processes for delivering high-quality, impactful programs with outcomes that are changing lives in populations of people served. They already own the programs, skills, abilities, technology, processes, expert staffing and infrastructure to deliver these programs with impactful outcomes for their constituents.

Now is the time to respond to these difficult economic times with innovative thinking. Now is the time to arrange a marriage between marketplace opportunities and proven programs with documented results. Enterprises happen when planning and opportunity intersect. The

products and services already exist, the marketplace may be demanding them, but the intersection of the two isn't happening as it could or should. The onus is on us, local professionals, entrepreneurs and leaders, to facilitate the introduction.

So how do we do this? How does a nonprofit explore market demands for its services or products? How does it explore growth opportunities and discover new target markets and paying customers? How does a nonprofit organization determine its readiness for this evolutionary step? How do its leaders and staff acquire the business acumen, mindset, knowledge, training, expertise and funding needed to explore these other opportunities and income streams?

Nonprofit organizations need to be exposed to these earned income strategies. They need incentives, resources and funding to explore the possibilities of exponential growth, how to enter untapped markets, identify new target customers, develop business models that can generate new income and pave the way towards financial sustainability.

There are a number of entities out there that are helping the process along. Organizations like Community Wealth Ventures teach the social enterprising process to nonprofit organizations. The Nonprofit Finance Fund is an innovative company that provides business analysis, loans, financing, consulting, group learning workshops,

and access to capital that funds enterprising platforms for growth and infrastructure needs. The Social Enterprise Alliance is an excellent resource for learning about social enterprise, connecting with people in the field, and discovering successful business models by organizations already executing social ventures.

So, yes, nonprofit organizations can learn about earned income strategies by reviewing their core competencies of existing successful programs and services that may be commercialized for generating income, exploring their readiness and capacities for going along this path, and by gaining commitment from the board for the efficient use of resources of staff, time and money for this exploratory process.

One example of a successful social enterprise is Celtic Consulting in St. Louis, headed by Chuck Aranda, which is a "living laboratory of expertise born out of twenty-seven years of successful history by St. Patrick Center." St. Patrick Center, the largest provider of comprehensive services in Missouri for homeless people and those at risk of becoming homeless, has an established reputation for best practice innovations and exceptional quality programming. Celtic Consulting is a social enterprise of St. Patrick Center which helps other nonprofit organizations expand their capacity and achieve their goals by sharing the expertise accumulated at St. Patrick Center. Celtic Consulting was formed to deliver this expertise in the marketplace.

“For years,” says Aranda, “executives at St. Patrick Center had been responding to requests by other organizations to assist them in leadership training, development methods, client tracking models for case management, expanding infrastructure and technology for achieving program impacts, market testing products, and building communities by attracting corporate, government and individual financial supports. The realization for St. Patrick Center was that these services were core competencies that had value in the marketplace and for which fees could be charged as an avenue for generating new income. As a social enterprise, Celtic Consulting improves social conditions in both St. Louis and nationally by helping other organizations apply market-based strategies to achieve social goals.”

An amazing success story in social enterprise and entrepreneurship resides here in Philadelphia with Judy Wicks and her White Dog Café. Judy used her business acumen, passion for community engagement, environmental stewardship and responsible business practices to grow White Dog Café from a tiny muffin shop in 1983 into a 200-seat restaurant featuring only fresh and locally grown foods.

Under Judy’s leadership, White Dog became a leader in the local food movement, purchasing sustainably grown produce from local family farmers, and only humanely and naturally raised meat, poultry and eggs, sustainably harvested fish, and fair trade coffee, tea, chocolate,

vanilla, and cinnamon. Other sustainable business practices she implemented at White Dog included recycling and composting, solar heated hot water, eco-friendly soaps and office supplies, and purchasing 100 percent of electricity from renewable sources, the first business in Pennsylvania to do so.

Using profits and assets from White Dog and a willingness to share her purchasing practices with other restaurants, she founded Fair Food, which connects local family farms with the urban marketplace.

What intrigues me about Judy Wicks is her passion for what is fair and humane, coupled with her sense of business savvy to reach out to other businesses and communities in a selfless manner. Instead of competition, she inures a strong sense of community, cooperation and energy to promote the "local living economies movement."

Harnessing this strong passion for fairness and community, she started BALLE (Business Alliance for Local Living Economies), in which there over 80 local business networks in towns and cities across the USA and Canada. Additionally, she founded the Sustainable Business Network of Greater Philadelphia, with over 500 members.

Judy Wicks is the quintessential example of social entrepreneurship and how a passion for environment, social impacts, fairness, community, cooperation, profit

and business acumen has enabled her to enterprise her way to becoming sustainable and a formidable presence in the power of local living economies.

, MBA is a social enterprising entrepreneur who has recently moved from St. Louis to Philadelphia.