

Show Me The (Unrestricted) Money!

Getting Started on Social Enterprise

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Why Consider Social Enterprise?

Changes in Traditional Funding

- Corporate giving directed toward investing for the long term rather than buying tables for one night.
- Government funding diminishing and being redirected.
- Donors tired of giving to organizations that operate with a poverty mentality.

What does this change mean for you?

- It means a shift to earned income instead of relying on a 'hand out.'

Nonprofit is a tax designation, not a business plan!

What is Social Enterprise?

- It is *unrestricted renewable income* that creates the path toward sustainability and enhances your mission.
- Leverage your assets: What you DO, what you KNOW, what you have.
- It is generated through sales, payment for services or other business opportunities.
- It should not replace fundraising – it is a new tool in your organizational tool kit.

Traditional Funding

- Grants, special events, donations, sponsorships, underwriting, etc.
- You work hard to get it, use it up and have to go back for more...the funnel effect!
- Strings attached: grantors require reports to ensure you have met their funding requirements, donors at a special event want to have a good time, enjoy the food, etc.

★ Traditional funding is usually restricted in some way. . .

Myths About Social Enterprise

- 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. Think about egg salad sandwiches...*
- If we earn money, we will lose our nonprofit status – *Nope. Not likely.*
- What if we have to pay federal tax? *Well, what if?*

Steps To Launching a Social Enterprise

Step 1 – Organizational Focus

- Goals, benchmarks, mission and vision

Step 2 – Assets and Opportunities

Step 3 – Market Research – The Customer(s)

Step 4 – Market Research – The Competition

Step 5 – The Sales Plan

Step 6 – Costing and Financing

Step 7 – The Business Plan

Step 2 – Develop an Asset Inventory

- **Core Competencies** — *What you **do** extremely well (e.g. your products and services).*
- **Physical Assets** — *What you **have** that is underutilized.*
- **Technical and Knowledge Assets** — *What you **know** (e.g. training).*
- **Relationship Assets** - ***Who** you know that can help with social enterprise (e.g. people with influence, potential funders for training, etc.).*

Brainstorm Opportunities

Leverage Your Assets into Earned Income

- **Service Opportunity** - *Delivers a service to a current or new market.*
- **Knowledge Opportunity** - *Delivers your knowledge to a current or new market.*
- **Product Opportunity** - *Produces or delivers a tangible product.*
- **Employment Opportunity** - *Provides direct employment to current or future customers or clients.*
- **Unrelated Venture Opportunity** - *Takes advantage of underutilized assets or develops an opportunity unrelated to your asset inventory.*

Step 3 - Market Research– Know Your Customers

- Market Trends – *Current, future, what will impact us?*
- Target Market Planning – *What's the best market for our idea?*
 - target markets – *Who?*
 - market size – *How many? Enough?*
 - buyers vs. users – *Are they the same? Different?*
 - buyer and user motivation – *Same? Different?*
 - buyer and user profiles – *Who are they?*
 - features and benefits – *What's the difference?*

Market Research Part 2 – Know Your Competition

- Who is Your *Direct* Competition?
- Who is Your *Indirect* Competition?
- What are Their Strengths and Weaknesses?
- Market Differentiation – *How will you compete? What is your competitive advantage?*

Step 5 -Write the Sales Plan

Roll Everything You Have Learned in Customer and Competition Research

- Your Customer. *Who? Where? What? Why?*
- Your Competitive Advantage.
- Your Market Position (*Jaguars or Chevys?*)
- Your Distribution Methods. *How will they buy?*
- Your Price. *Can you make a profit?*
- Sell Your Social Enterprise. *Public relations.*

Step 6 - Costing Analysis

- Define all Costs - *direct, indirect, variable, fixed, start up and recurring.*
- Identify Your Break Even Point - *Profit Margin.*

Is the Enterprise Still Feasible?

Step 7 - Write Your Business Plan

- How does the venture support your mission?
- What are mission and dollar goals for the venture?
- Describe the target customers and end users.
- What customer needs are addressed?
- What will motivate customers to buy your venture?
- Define your competition and your competitive advantage.
- Pricing strategy.
- Promotional strategy.
- Start up costs, ongoing venture costs.
- Annual financial projections.
- Financing, if required.
- Plan to repay financing.
- Benchmarks

Some Examples

- Ineffective space remodeled, with general support services; rent space to small businesses and other nonprofits.
- A certified organic greenhouse business (also trains clients).
- Thrift store revamped to attract a higher-end market.
- Commercial kitchen provides catering and special meals.
- Camp opened to corporate and private users.
- Coffee shop trains previously homeless individuals.

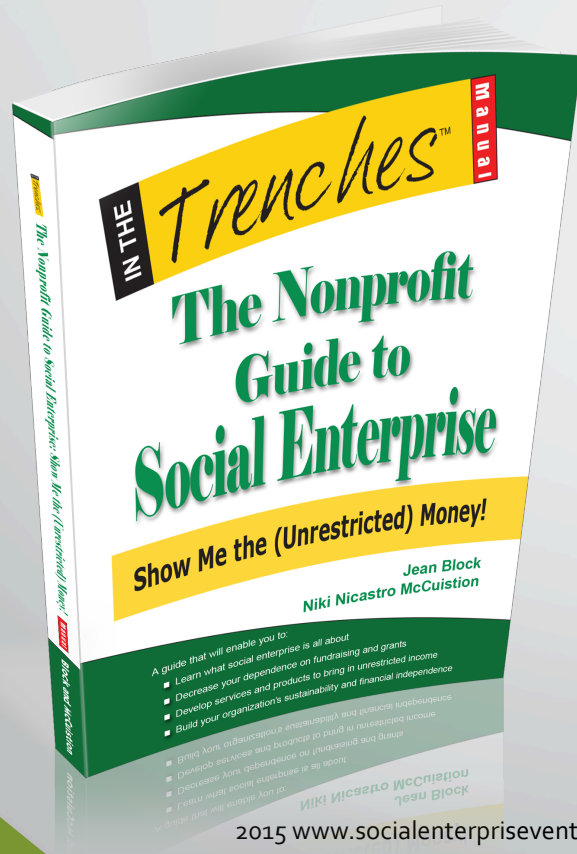
Burning Questions?

Get Started on Building Your Capacity!

Want to Learn More?

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“The Nonprofit Guide to Social Enterprise: Show Me The (Unrestricted) Money!”

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