New Developments in Social Entrepreneurship

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Who is Jeffrey Robinson?

- Ph.D. Columbia University, Graduate School of Business
- Assistant Professor, Rutgers Business School, Department of Management & Global Business
- Academic Director, The Center for Urban Entrepreneurship & Economic Development
Who is Jeffrey Robinson?
The Center for Urban Entrepreneurship & Economic Development

World-Class Research
Innovative Education
Economic Development Impact
Vision Statement

Our vision is to be the world’s leading Center for innovative thinking and research on entrepreneurial activity in urban environments. As such, we work across constituencies to create new knowledge and tools that build thriving urban communities.
CUEED Activities

**Education**
- New Courses:
  - Urban Entrepreneurship & Economic Development
  - Social Entrepreneurship
  - Multicultural Markets and Urban Entrepreneurship
- New Majors/Minors and Concentrations for Undergraduate and Graduate

**Research**
- Newark Projects
- Regional Research
- SE Conference in Shanghai
- Academic Papers & Conferences

**Economic Development Initiatives**
- Funding Businesses
- Entrepreneurship Pioneer
- NJUEDI
- New Jersey Social Innovation Institute

Lyneir Richardson, Executive Director
Jasmine Cordero, Managing Director
Dr. Jeffrey Robinson, Academic Director
Research Areas
Urban Entrepreneurship & Economic Development

– **Urban Entrepreneurship** (wealth creation, business development, community entrepreneurship, job creation)

– **Technology Entrepreneurship** (technology transfer, technology commercialization, incubators, technology clusters, leveraging university patents, green business)

– **Social Entrepreneurship** (social problems solving, social purpose businesses, social investments, green business)

– **International Entrepreneurship** (institutions and entrepreneurial activity, SME’s and developing nations, entrepreneurship towards economic development)

– **Economic Development** (urban institutions and development, economic development and emerging economies)
Social Entrepreneurship Books

2006: Social Entrepreneurship
Edited by Johanna Mair, Jeffrey Robinson and Kai Hockerts

2009: International Perspectives on Social Entrepreneurship
Edited by Jeffrey Robinson, Johanna Mair and Kai Hockerts

2010: Values and Opportunities in Social Entrepreneurship
Edited by Kai Hockerts, Johanna Mair and Jeffrey Robinson
Topics for discussion

• Social Enterprise Law and Legal Formation
• New Sources of Financing
• Measurement & Accountability Standards

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Social Problem: Recidivism and joblessness of former prisoners

Sweet Beginnings - Chicago

@jrobinsonphd
Finding Jobs for Ex-offenders

How Sweet Beginnings offers a second chance to those who need it most

Worker Bees Among the jobs at Sweet Beginnings: harvesting honey from hive frames, to make products like shower gel!

Brenda Palms Barber, Chicago’s Queen of Second Chances, is dedicated to finding jobs for former prison inmates. But when the nonprofit she runs couldn’t overcome employers’ resistance to bringing on ex-offenders, she spun out a business so she could hire them herself.
NLEN and Sweet Beginnings, LLC

Brenda Palms-Barber, CEO

Sweet Beginnings is a producer of natural honey-based personal care products and premium honey. Sweet Beginnings is a Chicagobased corporation owned by the North Lawndale Employment Network (NLEN). The company was originally started in 2004 as a transitional jobs program for former offenders. The success of the program spawned the formation of the Beeline brand. The program boasts a 3% recidivism rates versus an average rate of 80+% in most rehabilitation programs.
Social Problem: Lack of access to medical and other life saving supplies at certain time of the year.

MATTERNET
Social Problem: Lack of electricity in rural areas

WILKIN SOLAR
Wilkin Solar
opportunity - challenge

Opportunity
• 56% of Ghana households with no access to electricity (use kerosene and candles)
  – 23% in urban communities, the rest in rural communities

Challenge
• Uncertainty in market acceptance of products
• Lack of existing credit facilities in rural areas to facilitate upfront consumer payments for purchases
Social Problem: Increased waste, the need for redevelopment and jobs

IceStone®
DURABLE SURFACES MADE OF RECYCLED GLASS & CONCRETE

A Triple Bottom Line Company
Social Problem: Poverty in rural areas of China

CHINESE SOCIAL ENTERPRISE
Social Entrepreneurs in Singapore
Social Impact

Does the venture make a significant social impact?

Social impact is a key element of a social venture. What issue or problem is the venture being set up to address? How a social venture makes the impact and where it wants to make the impacts are important strategic decision. What is the theory of change?

How independent (autonomous) do you want your social venture to be? What is your tolerance for bureaucracy? How experienced are you in the competitive business market?
Social Innovation

Sustainability

Measurement

Social Impact
Innovation in Social Entrepreneurship

1. The creation of *new products or services*
2. A *new process* for producing or delivering an existing product, service, program or project
3. Delivering an existing product, service, program or project to *a new or previously underserved market*
4. Utilizing a *new source of labor or other production inputs*
5. Implementing *the utilization of new funding models*
6. Implementing *new ways of engaging target beneficiaries*
7. The utilization of *new funding models*
NEW DEVELOPMENTS IN SE

Legal Form & Organizational Structure
Social Venture Funding
Social Impact Measurement
SOCIAL ENTERPRISE LAW & LEGAL FRAMEWORK
Something between For Profit and NGO

• Incorporation Approach
  – Low Profit Limited Liability Company (US)
  – Benefit Corporation (US)
  – Community Interest Company (UK)
  – Social Enterprise Business (pending in US)
  – Cooperative Company (Singapore etc.)

• Third Party Validation
  – B-Corp (USA)
B-Corporation

• Technically an LLC or a Corporation

To become a B-Corp you must:
• 1. Take and pass the B Impact Ratings System. This sets a benchmark for social and environmental impact for good companies.
• 2. Adopt the B Corporation Legal Framework to bake the mission of the company into its legal DNA.
• 3. Sign a Term Sheet that makes your certification official.
“Benefit corporations are exactly the same as traditional corporations except for three little things that make them game-changers.

**Benefit Corporations** are required to:

1) *Purpose*: have a corporate purpose to create a material positive impact on society and the environment;
2) *Accountability*: expand fiduciary duty to require consideration of the interests of workers, community and the environment; and
3) *Transparency*: publicly report annually on overall social and environmental performance against a comprehensive, credible, independent, and transparent third party standard.

*Benefit corporation* laws have been enacted in **14 states** and bills are moving forward in seven others. For details, check out [http://www.benefitcorp.net/state-by-state-legislative-status.](http://www.benefitcorp.net/state-by-state-legislative-status)"
SOURCES OF FUNDING

Recent Trends
(Financial) Sustainability

Is this venture financially viable? Is this venture positioned to fulfill its mission over the long-term?

A sustainable social venture is financially viable and positioned to fulfill its mission. Many social ventures are not sustainable because they rely upon unstable grant-making or government institutions for their funding. Alternatively, earned-income or fee-for-service business model are generally more effective strategies for social ventures.

How a social venture marshals its resources to sustainable is an important strategic decision that often separates traditional non-profit organizations from social entrepreneurship.
New Sources of Funding

In addition to the traditional fundraising and receiving foundation grants, social enterprises have new opportunities for funding.

- **Social Impact Investors/ Social Investment Funds/ Social Venture Capital**

- **Crowd Funding Investment Platforms**
  - Indiegogo, RocketHub, Kickstarter
  - Start Some Good (SE only)

- **Social Impact “Bonds”**

- **Social Procurement**
Launched in 1987, Echoing Green's mission is to spark social change by identifying, investing, and supporting the world's most exceptional emerging leaders and the organizations they launch. Through a two-year fellowship program, we help our network of visionaries develop new solutions to society’s most difficult problems. These social entrepreneurs and their organizations work to close deeply-rooted social, economic, and political inequities to ensure equal access and to help all individuals reach his/her potential. To date, Echoing Green has invested $25 million in seed and start up grants to nearly 450 social entrepreneurs and their innovative organizations.

How We Make a Difference:

- Identify Visionaries
- Invest in Innovation
- Provide Hands-on Support
- Connect People
Social Innovation Fund

Expanding the Impact of Community Solutions

- The Social Innovation Fund is an initiative of CNCS intended to improve the lives of people in low-income communities. It does so by mobilizing public and private resources to grow promising, innovative community-based solutions that have evidence of compelling impact in three areas of priority need: economic opportunity, healthy futures, and youth development.

- The Social Innovation Fund employs an operating and program model that is itself innovative and truly represents a “new way of doing business” for the federal government. This model is distinguished by four key characteristics:
  - Reliance on outstanding existing grantmaking “intermediaries” to select high-impact community organizations rather than building new government infrastructure.
  - A requirement that each federal dollar granted be matched 1-to-1 by the grantees and again by their subgrantees with money from private and other non-federal sources, thereby increasing the return on taxpayer dollars and strengthening local support.
  - Emphasis on rigorous evaluations of program results not only to improve accountability but also to build a stronger marketplace of organizations with evidence of impact.
  - Effective leverage of the grant program to share knowledge and insights with the nonprofit and philanthropic sectors.

http://www.nationalservice.gov/about/programs/innovation.asp
Social Impact Bond

Service providers initiate or scale programs with a measurable social benefit

Government
- SAVES TAX DOLLARS
- Government support opportunities for SIBs in critical social areas

Intermediaries

Non-Profit
- MORE PEOPLE BENEFIT

Investors
- DOUBLE BOTTOM LINE RETURN
- Private investors expand financial support for prevention-oriented social programs
MEASURING IMPACT
Why Measure?

• Accountability
• Evaluation
• Outcomes and Impacts
• Effectiveness
Measurement

How does this venture measure its social impact and evaluate success? Are the measurement tools appropriate for this type of venture?

Measurement and evaluation are essential to social entrepreneurship. In addition to the financial metrics used by traditional ventures, social ventures must measure their impact and evaluate its effectiveness. There are many ways to measure and evaluate the social impact of a venture.

The key is that the social venture is using an appropriate type of measurement tool that is in line with their theory of change.
Measurement and Evaluation

- Multiple Point Measurement and Evaluation
  - Short-term vs. Long-term
  - Pre/Post Treatment vs. Longitudinal
  - Survey vs. Interview
  - Self-reported vs. Observed
  - Evaluation vs. Social Return on Investment

My position: Social ventures with multiple point measurement protocols and evaluation procedures will be better funded than those without these protocols and procedures.
OUR APPROACH TO DEVELOPING SE VENTURES

Insights from the New Jersey Social Innovation Institute
NJSII Program Goals:

The New Jersey Social Innovation Institute set out with actionable goals for the program. The primary goal was to increase the number of social ventures in New Jersey by soliciting promising budding entrepreneurs and equipping them with the tools and new knowledge to plan, build, and run a social enterprise. NJSII developed program goals to ensure that the desired outcome of NJSII was met.

1. Educational Hub: training, mentoring and technical assistance to participants in the initiative.

2. Build a Network: networking with potential investors, experienced private sector leaders, non-profit business leaders and individual entrepreneurs who are interested in engaging in social venture initiatives in New Jersey.

Meet the NJSII Fellows

- Trenton Makes/Foundry Farm
- City Bloom
- Brick City Kitchen
- Newark Construction Incubator
- GlassRoots
- Street Light Retail
- Kids Zone
- The Classroom Connection
- The Hub-Health Generator
- Parents Universe
- Library Build
- 4HP - For His Purpose
- Fathers Now Maintenance & Cleaning Service
- Revitalize LLC
- Tollo Community System
Father’s Now Green Cleaning and Maintenance Services

$82,500 seed funding from PSEG Foundation
Launch Updates:

All NJSII Fellows entered the institute with solely a vision for creating a social entrepreneurial venture. Upon completion of the program, 40% of ventures are up and running.

Data will still be collected upon their progress years after the program. 100% of ventures are currently working through the start-up and funding phase.

Parent Universe
parentuniverse.org
Launched in July 2013 and serving Essex and Morris NJ counties.

Library Build
librarybuild.org
Providing services for use in Philadelphia’s least fortunate schools.

Kids Zone
Hoboken, NJ
Currently planning and hosting children’s parties in the area.

The Hub Health Generator
thehubhealthgenerator.com
Currently Partnered with the YWCA of Central Jersey and providing services.

Tollo Community System
tollosystem.com
The web-based service is currently matching individual to services.

Fathers Now Green Cleaning
Newark, NJ
Secured their first contract in May 2013.
3 Things We Have Learned

1. Find the people who are **passionate** about their work and **support** them.

2. *Training matters* ... and so do the networks and connections that a formal program brings

3. The biggest difference between those that do and that don’t is their **networking behavior**.
DISCUSSION

Social Enterprise Law and Legal Frameworks
Sources of Social Venture Funding
Measurement & Evaluation
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http://business.Rutgers.edu/CUEED
Lessons from the Best Social Entrepreneurs

“Social ventures leverage social innovation for social impact over the long-term. They measure their performance and progress towards continuous improvement.”

Robinson, Prado and Shapira
4 Lessons from the Best Social Entrepreneurs

1. Social Impact
   The best social entrepreneurs consider four factors to make a maximum social impact:

2. Social Innovations
   The best social entrepreneurs leverage social innovation to meet social needs.
4 Lessons from the Best Social Entrepreneurs

3. **Financial Sustainability**
   The best social entrepreneurs develop an excellent financial sustainability strategy that matches their intervention strategy.

4. **Measurement**
   The best social entrepreneurs develop an approach to measuring their social/environmental impact. They use this information to improve their processes and document their success.
Greyston Bakery is a force for personal transformation and community economic renewal. We operate a profitable business, baking high quality gourmet products with a commitment to customer satisfaction.

Greyston Bakery provides a supportive workplace offering employment and opportunity for advancement. Our profits contribute to the community development work of the Greyston Foundation.

Vision Statements

- **Greyston Bakery is the nationally leading "Brownie Company".** We produce Do-Goodie, the best tasting - highest quality brownies at a great value to the consumer.

- **Greyston Bakery is a leading model for social enterprise building a coalition with employees, community and shareholders.** We properly compensate our employees: fair/living wage, health benefits, and direct participation in the profitability of the company. We train, promote from within, and mentor our employees, who we source from the local community.

Greyston Bakery, through its profit generation, is a substantial source of revenue for the Greyston Mandala, supporting affordable childcare for community, affordable housing for homeless and low income families, and affordable health care for persons with HIV.
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