

"Nonprofits have to recognize that they're businesses, not just causes. There's a way to combine the very best of the not-for-profit, philanthropic world with the very best of the for-profit, enterprising world. This hybrid is the wave of the future for both profit and nonprofit companies."

Bill Strickland, CEO of the Manchester Craftsmen's Guild (MCG) and the Bidwell Training Center Logy, METC Mo Authenticity Consulting, LLC

















Emerging Trends Are Encouraging
Nonprofit Leaders to Consider New, More
Business-like Approaches...

Heightened concerns about the
effectiveness of traditional
governmental and charitable
approaches to meeting social needs

A search for more innovative solutions
that lead to sustainable improvements











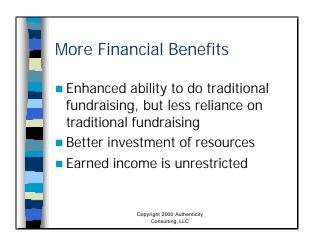
Mission Benefits

Higher quality service by focusing on what you do best
Expanded impact
No longer do what people don't want
Increased relevance
Keep up with the changing needs of your community









"Sounds good.
But how do you 'do'
social entrepreneurship?"

3 Perspectives

"Social entrepreneurs play the role of change agents in the social sector, by:
 Adopting a mission to create and sustain social value (not just private value),
 Recognizing and relentlessly pursuing new opportunities to serve that mission,
 Engaging in a process of continuous innovation, adaptation, and learning

Continued...
Continued...

"Social entrepreneurs play the role of change agents in the social sector, by:

• Acting boldly without being limited by resources currently in hand, and
• Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created."

Source: J. Gregory Dees in Enterprising Nonprofits.

1998

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"Social Entrepreneurs Have These Characteristics... They are constantly looking for new ways to serve their constituencies and to add value to existing services. They are willing to take reasonable risk on behalf of the people that their organization serves. They understand the difference between needs and wants. Copyright 2000 Authenticity Consulting, LLC

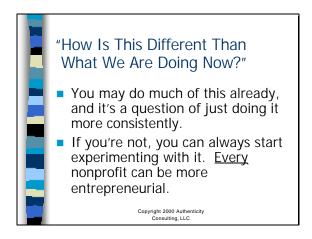


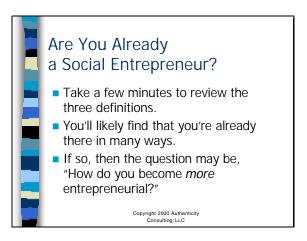
























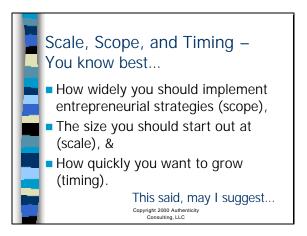












...Start Small and Grow As You're Able

"Start as small as possible: To achieve 100% success, you need to grow organically. Pass up outside financing until you know that you can run the company. Starting with limited financing forces you to learn every single aspect of a business: how to balance a ledger, how to collect receivables, how to draw up contracts. If you don't understand all aspects of your business, you've set yourself up to fail."

Richard Foos, President, Rhino Records

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'Risks of Success'

- Mission drift
- The UBIT and losing charitable status
- Losing the support of funders
- Being accused by for-profits of competing unfairly

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Avoiding Mission Drift

- The ultimate goal: to serve your community better, more, and longer.
- Doing this just to save your job? You will be tempted to drift.
- Job #1 Clarify and use your strategic framework – your vision, mission, & core values.

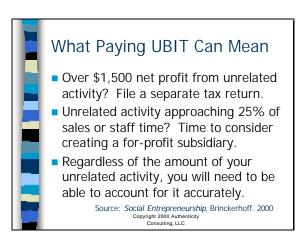
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The Unrelated Business Income Tax (UBIT)

"If your organization makes a profit from activities not included in your mission statement – unrelated activities – your organization, like any other, should pay a tax on those profits."

Source: Social Entrepreneurship, Brinckerhoff. 2000 Copyright 2000 Authenticity Consulting, LLC

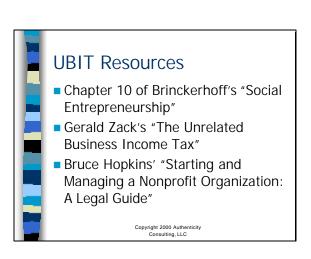
What Paying UBIT Does Not Mean... It does not tax all your earned income, not even all your unrelated income, just your unrelated net profit. Your organization will not lose its 501(c)(3) status if it pays UBIT Paying it does not mean that you cannot accept donations, grants, or government contracts. Source: Social Entrepreneurship, Brinckerhoff. 2000 Corputing, LLC

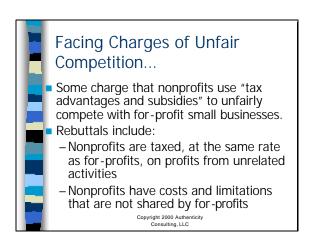


A Related (Nontaxable) Activity... makes important contributions to the charitable purpose of your organization, regardless of how large or small the business venture is. Source: Social Entrepreneurship, Brinckerhoff. 2000 Consulting, LLC

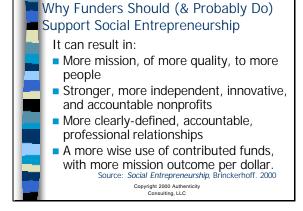


UBIT Strategies
 If necessary, update your mission statement to more accurately reflect your related activities and file with the IRS
 Give priority to activities related to your mission
 Account for unrelated activity
 Talk to your CPA and/or lawyer for advice











How Funders Can Encourage Social Entrepreneurship

End matching funds

Don't worry about what's not in the contract

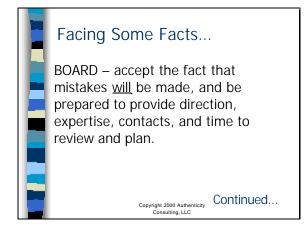
Don't punish efficiency and good management

Fund overhead

Encourage competition, not just collaboration
Source: Social Entrepreneurship, Brinckerhoff. 2000

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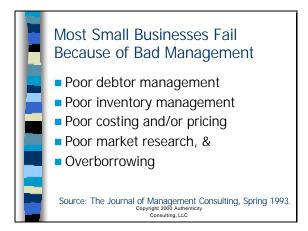














"The Challenge...

is to find a financial structure that reinforces the organization's mission, uses scarce resources efficiently, is responsive to changes, and is practically achievable."

Source: J. Gregory Dees in Enterprising Nonprofits, 1998

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Social Entrepreneurship Strategies

Enhancing the profit from product and service sales

Starting/acquiring free-standing businesses

Forming mutually-beneficial partnerships with corporations

Product and Service Sales

Examples:

Providing your Increasing the own services or profit from medical consults in a community clinic

Selling others' Selling a line of vitamins at the services same clinic

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Product and Service Sales

Pros:
You can start small, start now, and grow as you're able

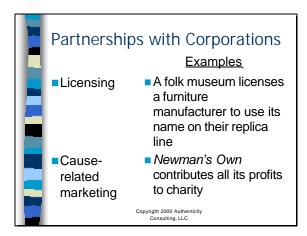
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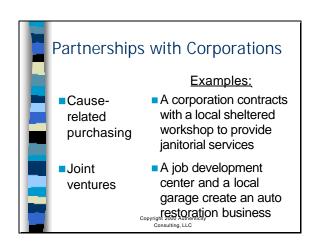
-May have limited impact

-May cause internal culture clash

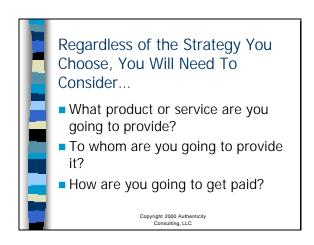
















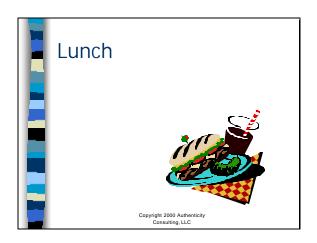
What You Can Do Right Now to Become More Entrepreneurial

Work through the afternoon session
Reflect, discuss, and clarify – priorities, resources, opportunities, goals, strategy
Organize yourself for action – engage your board, pick a champion, form a team
Gather information and talk to other social entrepreneurs (see "Resources" handout)

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Preview of the Afternoon Agenda

Six stages of entrepreneurial development
Individual self-assessment
Small-group discussion
Large-group forum
Next actions and evaluation



Entrepreneurial Self-Assessment
Afternoon Agenda

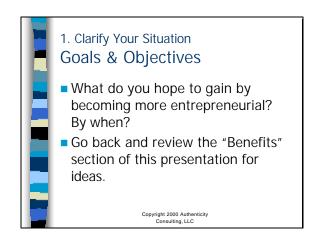
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1. Clarify Your Situation
Driving Forces
Crisis? "We're losing a key grant!"
Choice? "It's the right time for us."
Chance? "We've just been approached by a potential buyer."











1. Clarify Your Situation
The External Climate

Demonstrated willingness in the community to pay for your products and services?

Regulations not too constraining?

Room for more competition?

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2. Assets & Capabilities Core Competencies Four Characteristics: Support the production of a variety of products & services Make a significant contribution to your customers' perception of your products and services Often difficult for your competition to imitate Tend to be relatively stable over time Copyright 2000 Authenticity Consulting, LLC



2. Assets & Capabilities
 Core Competencies
Any opportunity you pursue should ideally be rooted in your core competencies
Do you know what your organization's core competencies are?











2. Assets & Capabilities
Financial Resources

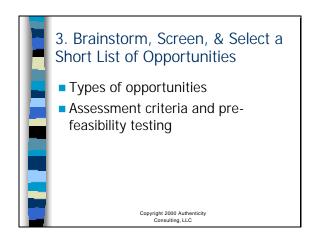
How much is your organization willing and able to invest in the research, development, and implementation of its opportunities?

What external financial resources does your organization have access to?

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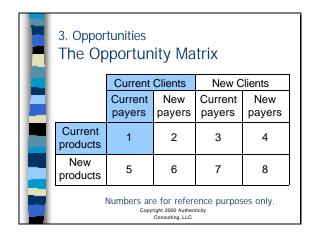






	3. Opportunities The Opportunity Matrix					
E		Current Clients	New Clients			
	Current products	Customer Maximization	Customer Development			
	New products	Product Development	Diversification			
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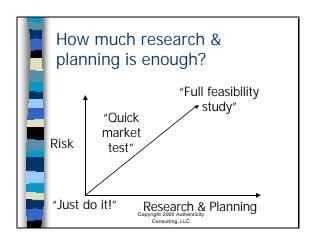
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	Current	Clients	New Clients			
	Current payers	New payers	Current payers	New payers		
Current products	1	2	3	4		
New products	5	6	7	8		
Numbers are for reference purposes only. Copyright 2000 Authenticity Consulting, LLC						



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Next Actions...

Complete your questionnaire

Reflect, discuss, and clarify – where you are in the entrepreneurial process

Organize yourself for action – engage your board, pick a champion, form a team

Gather information and talk to other social entrepreneurs (see "Resources" handout)

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