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# RUTGERS

Rutgers Business School  
Newark and New Brunswick

## **New Developments in Social Entrepreneurship**

**Jeffrey A. Robinson, Ph.D.**

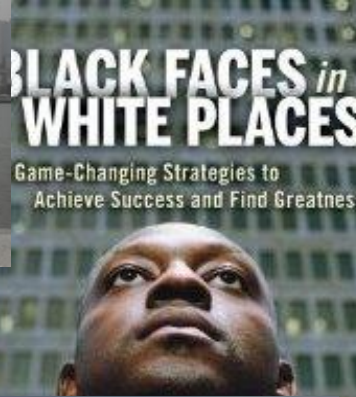
Assistant Professor and Academic Director  
The Center for Urban Entrepreneurship & Economic  
Development

*March 2014*

# *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



The background of the slide features a large, semi-transparent watermark of the Rutgers University seal. The seal is circular and contains the text 'RUTGERS THE STATE UNIVERSITY' around its perimeter. In the center of the seal is a sunburst design with a central sun and rays extending outwards.

# RUTGERS

Rutgers Business School  
Newark and New Brunswick

## **The Center for Urban Entrepreneurship & Economic Development**

World-Class Research

Innovative Education

Economic Development Impact



# RUTGERS

## 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)

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## The Center for Urban Entrepreneurship & Economic Development

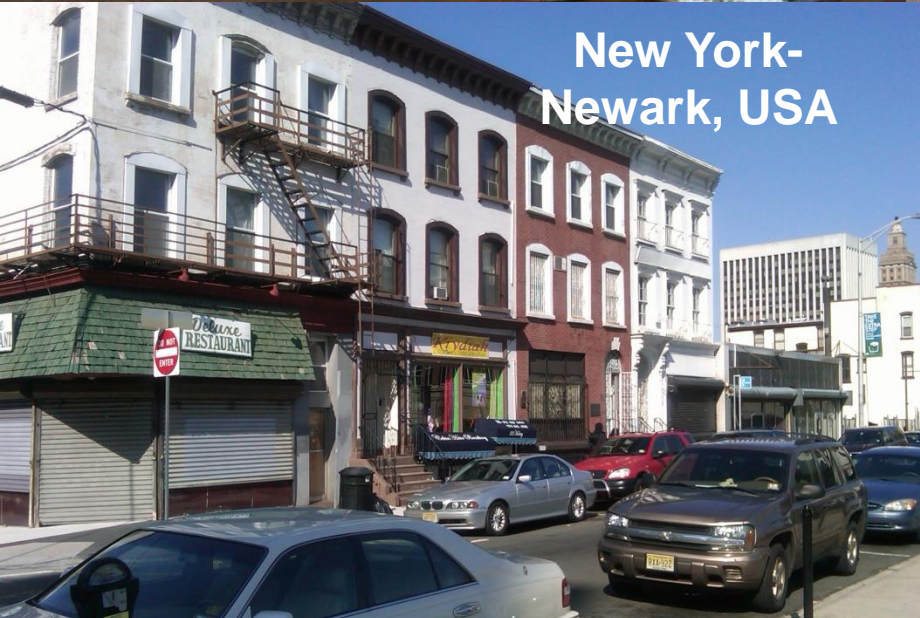
### Shanghai, China



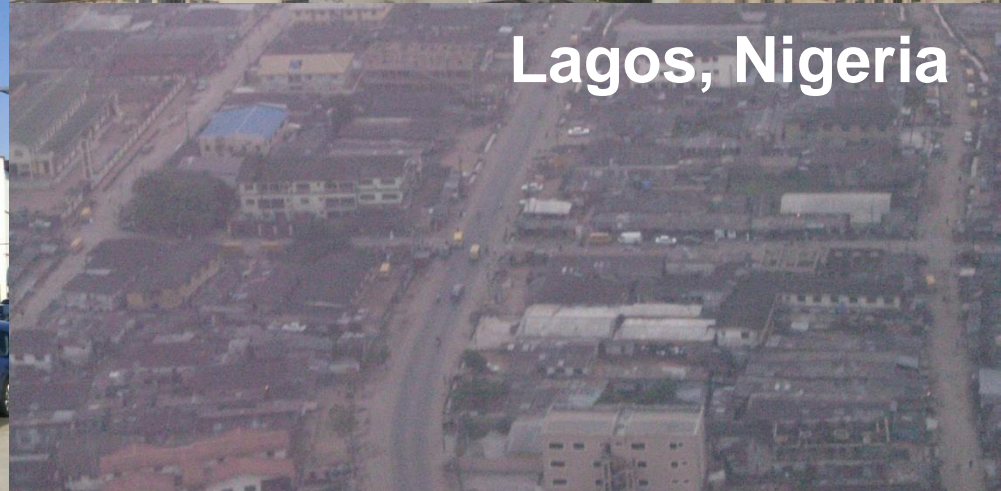
### Rio de Janeiro, Brazil



### New York- Newark, USA

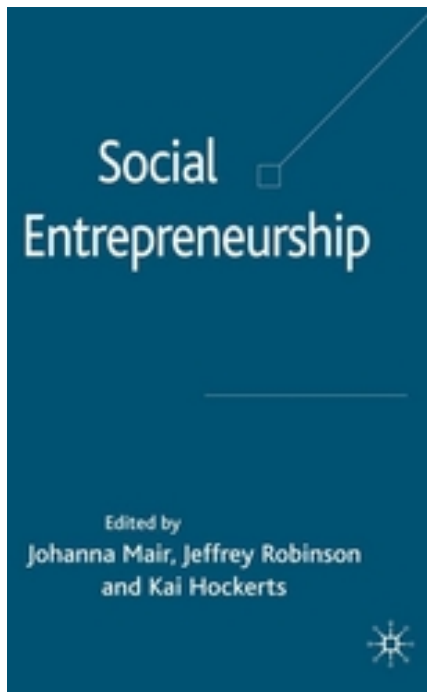


### Lagos, Nigeria

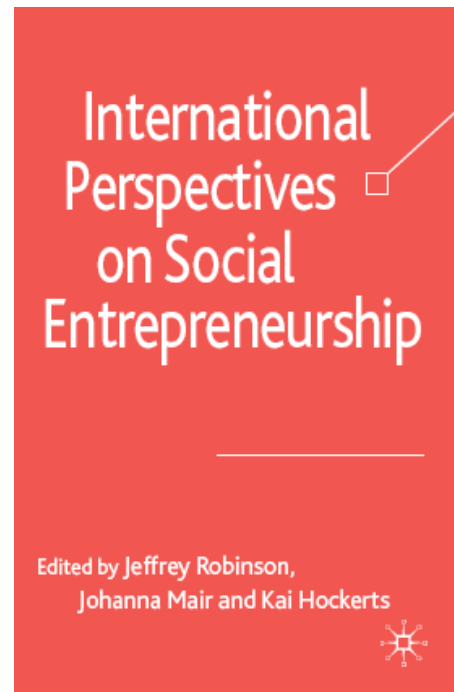




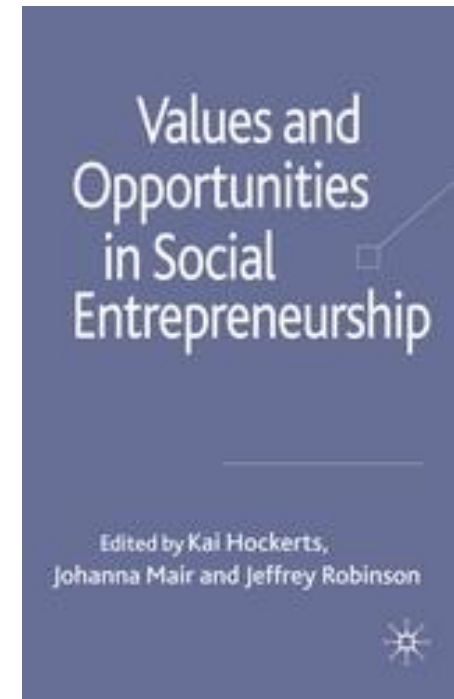
# Social Entrepreneurship Books



**2006**



**2009**



**2010**

# Topics for discussion

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

Twitter: @JRobinsonPhD

LinkedIn: [www.linkedin.com/jrobinsonphd](http://www.linkedin.com/jrobinsonphd)

– ////////////////

@jrobinsonphd

# **Social Problem:** Recidivism and joblessness of former prisoners

## **Sweet Beginnings - Chicago**



@jrobinsonphd

# Inc.

ADVERTISEMENT



Nancy Wilson, Vice President Human Resources - Indiana Furniture

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Af

▶ START-UP ▶ RUNNING A BUSINESS ▶ FINANCE ▶ LEADERSHIP & MANAGING ▶ SALES & MARKETING ▶ TECHNOLOGY ▶ INNOVATION ▶ INC.

Topics > Running a Business > Success Stories > Minority-Owned Business >

Leigh Buchanan | Inc. magazine

From the May 2011 issue of Inc. magazine

## Finding Jobs for Ex-offenders

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



Chris Strong

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

Enlarge



**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.

Aflac helps Indiana Furniture protect their employees

Nancy Wilson  
Vice President Human Resources  
Indiana Furniture

WATCH NANCY'S STORY NOW ▶

Aflac

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### Hot Discussions

6 Habits of True Strategic Thinkers

| 9480 Tweets

You Screwed Up. Now What?

| 172 Tweets

How to Be Happy at Work

| 1560 Tweets

The 5 Qualities of Remarkable Bosses

| 4742 Tweets

# 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**





Omane Frimpong



# 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*<sup>®</sup>

DURABLE SURFACES MADE OF RECYCLED GLASS & CONCRETE

A Triple Bottom Line Company



**Social Problem:** Poverty in rural areas of China

## **CHINESE SOCIAL ENTERPRISE**



## OPENING EARLY APRIL...

© CATHAY CINELEISURE ORCHARD #04-02

"My Favourite Chef"

- Elim Chew, Founder, 77th Street

"Singapore's Best Cheese Baked Rice..."

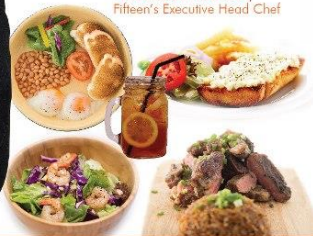
- Dr. Leslie Tay, ieatishootipost.sg

"I like the Tom Yam Seafood Fussilli,  
It had enough Sting, Tang..."

- KF Seetoh, Mokansutra

"I also can't fault his cooking and  
attention to detail. I rate his  
cooking as very good."

- Mr Andrew Parkinson,  
Fifteen's Executive Head Chef



18 Chefs

## Social Entrepreneurs in Singapore

**e@TEENCHEFS** Small Health & Green Food We are Halal certified restaurant.

Cathay Cineleisure Orchard • Tiong Bahru Plaza

Eighteen Chefs [www.eightenchefs.com](http://www.eightenchefs.com)

Food pictures are for illustration only. Prices are subject to applicable government taxes. There's no service charge imposed in all our restaurant.

# DIALOGUE IN THE DARK®

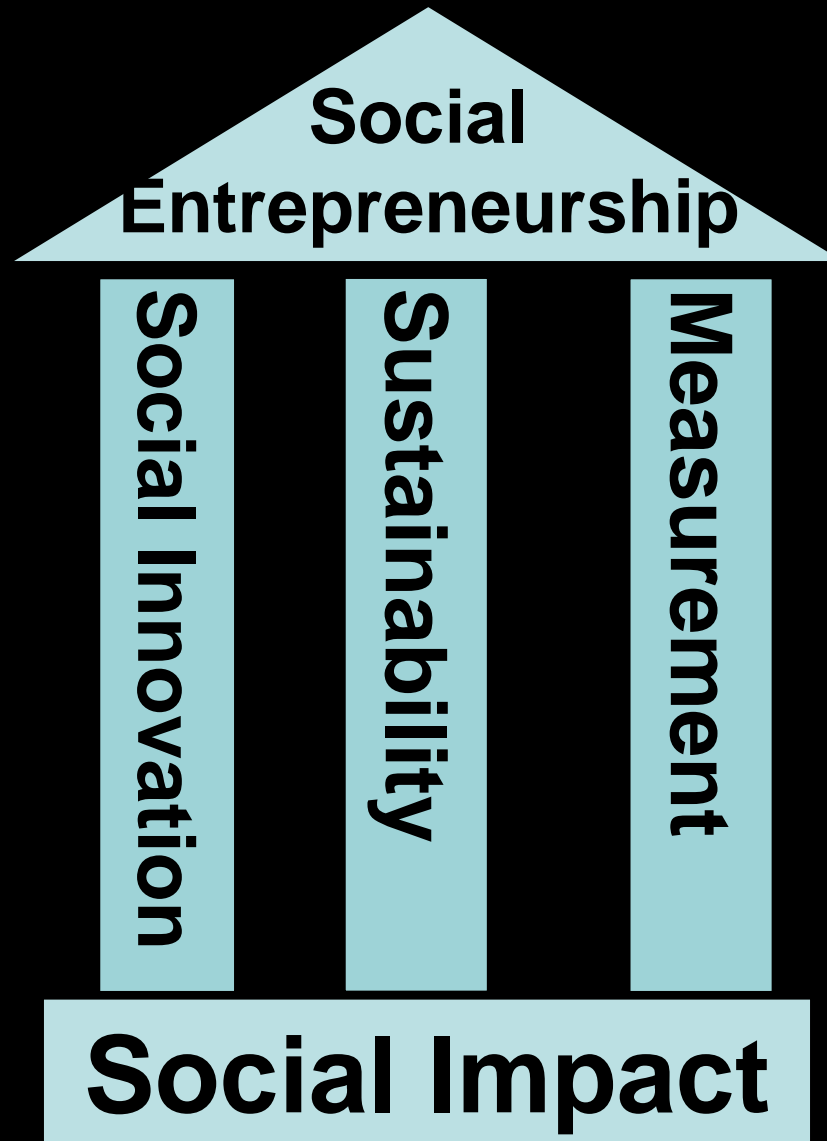
SINGAPORE | ngee ann  
polytechnic

## **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?*





# 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)

Certified



Corporation™

[bcorporation.net](http://bcorporation.net)

# 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.

# Legislation

A new kind of corporation  
for a new economy.



“**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>.”

# **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 is a national nonprofit organization that works to create 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**



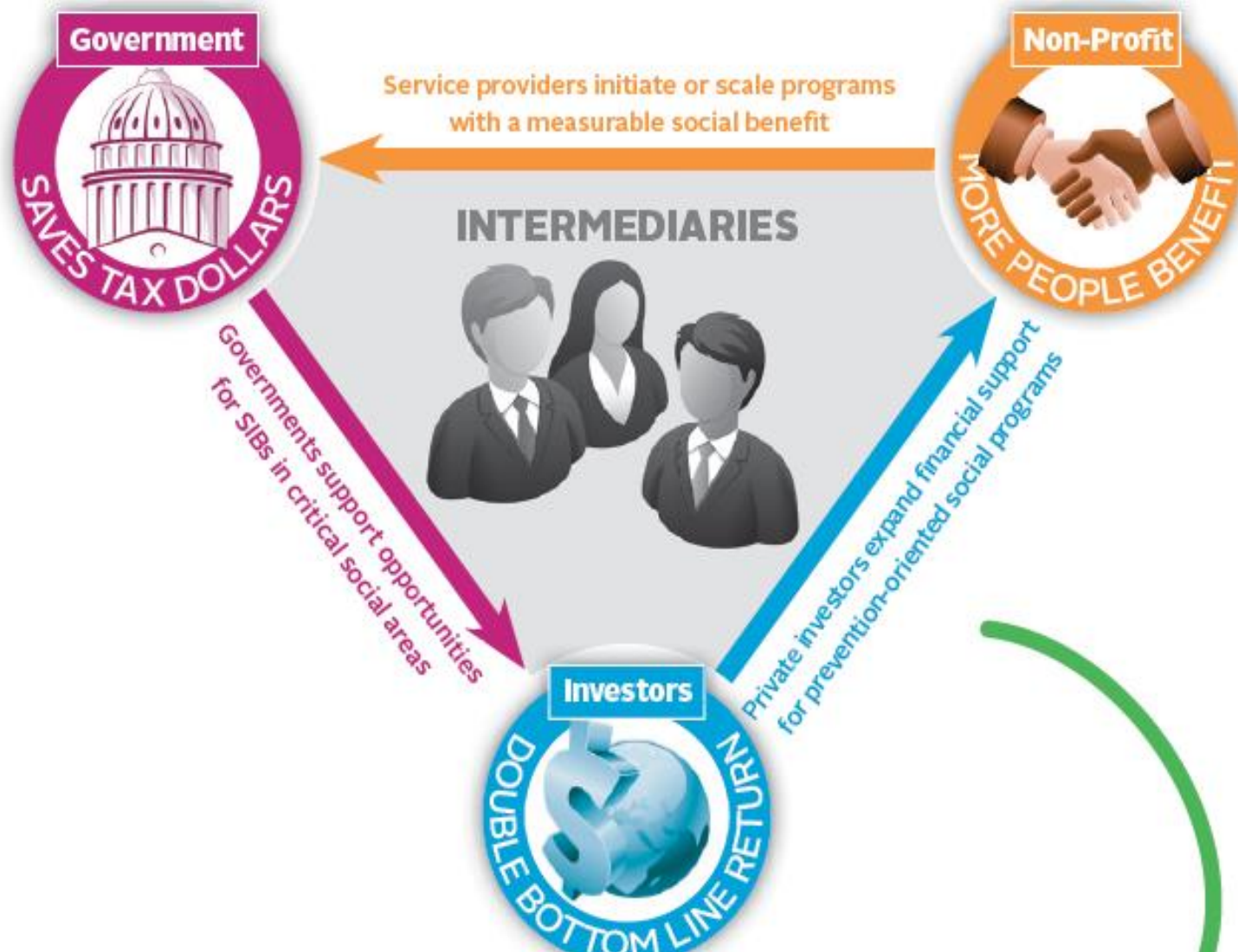
# Social Innovation Fund

## *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



# **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

RUTGERS

Rutgers Business School  
Newark and New Brunswick

The Center for Urban Entrepreneurship  
& Economic Development



NJ SOCIAL INNOVATION  
INSTITUTE

@NJSocEnt  
#NJSocEnt

## 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.
- 3 Plan for Investment:** create actionable business plans and investment proposals for local and national foundations and social investors.

# Meet the NJSII Fellows



NJ SOCIAL INNOVATION  
INSTITUTE



- 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](http://parentuniverse.org)

*Launched in July 2013 and serving Essex and Morris NJ counties.*

### Library Build [librarybuild.org](http://librarybuild.org)

*Providing services for use in Philadelphia's least fortunate schools.*

### Kids Zone Hoboken, NJ

*Currently planning and hosting childrens parties in the area*

### The Hub Health Generator [thehubhealthgenerator.com](http://thehubhealthgenerator.com)

*Currently Partnered with the YWCA of Central Jersey and providing services.*

### Tollo Community System [tollosystem.com](http://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

**Jeffrey A. Robinson, Ph.D.**

Rutgers Business School

Email: [jrobinson@business.rutgers.edu](mailto:jrobinson@business.rutgers.edu)

Twitter: @JRobinsonPhD

Web: [www.jeffreyrobinsonphd.com](http://www.jeffreyrobinsonphd.com)

**The Center for Urban Entrepreneurship  
& Economic Development**

<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.



## From Greyston Bakery Website

- **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.

**Jeffrey A. Robinson, Ph.D.**

Rutgers Business School

Email: [jrobinson@business.rutgers.edu](mailto:jrobinson@business.rutgers.edu)

Twitter: @JRobinsonPhD

Web: [www.jeffreyrobinsonphd.com](http://www.jeffreyrobinsonphd.com)

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