2018

SOCIAL ENTERPRISE IN CENTRAL OHIO

Needs and Opportunities
2017-2018

A study funded by

The Business of Good Foundation
The Columbus Foundation
IGS Energy
The Tony R. Wells Foundation
The United Way of Central Ohio

Table of Contents

Executive Summary

In the fall of 2017, Ohio University's Voinovich School of Leadership and Public Affairs (OU) contracted with The Business of Good Foundation, The Columbus Foundation, IGS Energy, The Tony R. Wells Foundation, and the United Way of Central Ohio to conduct research into the state of social enterprise in Central Ohio. Research sponsors posed six main research questions, which are summarized in the table below.

Table 1. Guiding Research Questions and Answers

Research Questions	Answers provided in this report
What needs are being met by the current system of training, technical assistance (TA), grants, and loans?	Grants and training are widely utilized and valued. Technical assistance is perceived to be available on a limited basis.
What needs could be better met and/or are not being met?	Education about using debt; assistance obtaining suitable premises; education and training for nonprofit boards of directors; technical assistance in the areas of business planning and marketing
Do the needs vary by type of social enterprise or product?	To some extent, yes. Certain operational and organizational models have specific needs and strengths.
Do the needs vary by stage of development?	Yes. The startup SEs in this study have greater needs in general, especially in the areas of grants and technical assistance.
Do for-profit social enterprises have unique needs?	For-profit social enterprises did not respond to requests for participation in the study, so answers to this question are not available.
Do nonprofit social enterprises have unique needs?	Yes, especially when it comes to developing business plans, adapting accounting practices, and determining how to balance mission and margin.

Through focus groups and interviews, researchers found that there is a growing support system for social enterprises in Central Ohio, one that is especially well-positioned to offer funding, impact investing and training to social enterprises. Study participants generally perceive this support system to be superior to those found in other parts of the country. In terms of improvements, participants reported that while many resources are available, social enterprises are not always able or willing to use them. In particular, many developing social enterprises (and some established social enterprises) are especially reluctant to assume debt. Many social enterprises also reported that it takes work to identify the areas of overlap between their organization's mission and needs, and the funding priorities of funders and investors.

Among the persistent needs experienced by social enterprises in the region, despite the available resources, are skill development, technical assistance (especially in the areas of business planning and marketing), leadership development, and assistance securing premises. Research participants offered suggestion for tweaking the modes by which current assistance in these areas are offered.

Boards of directors emerged as key players in social enterprises' decision making processes. Most social enterprises identified a need for training and assistance for boards in order to reduce risk aversion and increase awareness of the ways in which social enterprises can be managed and expanded to increase social impact. In a related vein, and consistent with current understandings of social enterprises in the research literature, many social enterprises reported a challenge reaching internal organizational consensus on the appropriate practices for growing their enterprise. Research participants repeatedly highlighted the tension that is produced by serving the double bottom line of the social enterprise, especially within social enterprises being run by smaller nonprofit organizations.[i]

Throughout the research process it was apparent that the broadness of the social enterprise umbrella, while having the benefit of inspiring a diverse array of actors to work toward social impact, also invites conceptual confusion. Many research participants did not fully differentiate between the various emphases, values, processes, and other characteristics of social enterprises in the region, and tended to speak in terms of an ideal type (though the ideal type varied by speaker). This speaks to a need for a clearer mapping of the social enterprise landscape. A taxonomy of social enterprise types, clear distinctions between the different margin-mission balances sought by different social enterprises, and profiles of social enterprise types that elucidate their goals and typical practices could add precision to the dialog around social enterprise in the region. This could benefit assistance providers, investors, funders, board-level decision makers, and social enterprises themselves.

Finally, many social enterprises also made a call for a more collaborative, intensive relationship with their supporters, in order to tailor assistance to their specific needs. This may, at least in part, be a reflection of a need for a more precise understanding of the factors that impact social enterprises' internal practices, goals, and overall trajectories. It also indicates a desire for more dialog around the perceived needs, gaps, uncertainties, and risks experienced by social enterprises in the region.

This report provides an overview of the views of 22 individuals associated with social enterprise in Central Ohio. It begins with a discussion of social enterprises' awareness of the resources available in the region, and is followed by a description of the main needs identified by social enterprises. It concludes with a list of recommendations offered by social enterprises to their supporters in the region.

Methods

Data collection

Researchers conducted two focus groups (one with seven individuals from relatively new social enterprises and one with a group of five funders and investors). Initial efforts to conduct focus groups with two other groups of social enterprises were unsuccessful, so researchers conducted telephone interviews with ten additional representatives of social enterprises in order to gather the needed information. In total, 22 individuals representing 28 organizations (23 social enterprises and five funders/investors) contributed to the project. See the appendix to this report for a list of the individuals and organizations.

Data analysis

Data were analyzed through standard thematic analysis, using NVivo 11 to manage the volume of data collected. Coding was guided by an *a priori* coding framework based on sponsor's identified areas of interest, and also included *in vivo* and causational coding in order to understand the research participants' varied perspectives.

Limitations

Sample size

This project is intended as an overview of select social enterprises in Central Ohio. Twenty-one social enterprises are represented in this work. To put this number in context, 86 social enterprises are listed in the social enterprise marketplace of SocialVentures' most recent annual report.[ii]

Variation among social enterprises

There is extensive variation across the many characteristics of social enterprises.[iii] Legal structures vary from nonprofit to for-profit. The degree of integration of mission and business vary from mission-centric businesses in which the enterprise is central to the organization's mission, to configurations in which the enterprise is entirely unrelated to the organization's mission. Organizational structures differ from ones in which the parent organization and the social enterprise are the same entity, to ones in which the two are completely separate. Operational models vary in terms of the relationships between organizations, target populations, and the market, and include such distinct varieties as fee-for-service models, cooperative models, and employment models. Social enterprises also differ in their policies on appropriate profit distribution[iv] and whether their activities lead to a natural value spillover to society, or value spillover may be contingent upon other activities of the social enterprise.[v] It is perhaps because of this great variety that most research participants stressed the need for a close understanding of the particulars of each social enterprise.

The sample on which this report is based is composed almost exclusively of organizations legally incorporated as nonprofits, and skews toward those enterprises with close alignment between business and mission. Many of the social enterprises in the study use fee-for-service or employment operational models. There is variation in terms of degree of experience of social

enterprises, size of the enterprises, and organizational structure. Where these variations appear to be related to differences in needs or viewpoints, and where there is a plausible causal explanation for these connections, this report makes note of the relationship. In keeping with the exploratory nature of this research, and because of the sample size of this project, these notes are meant to identify potentially interesting patterns that bear future exploration, not to document definite connections or causal relationships.
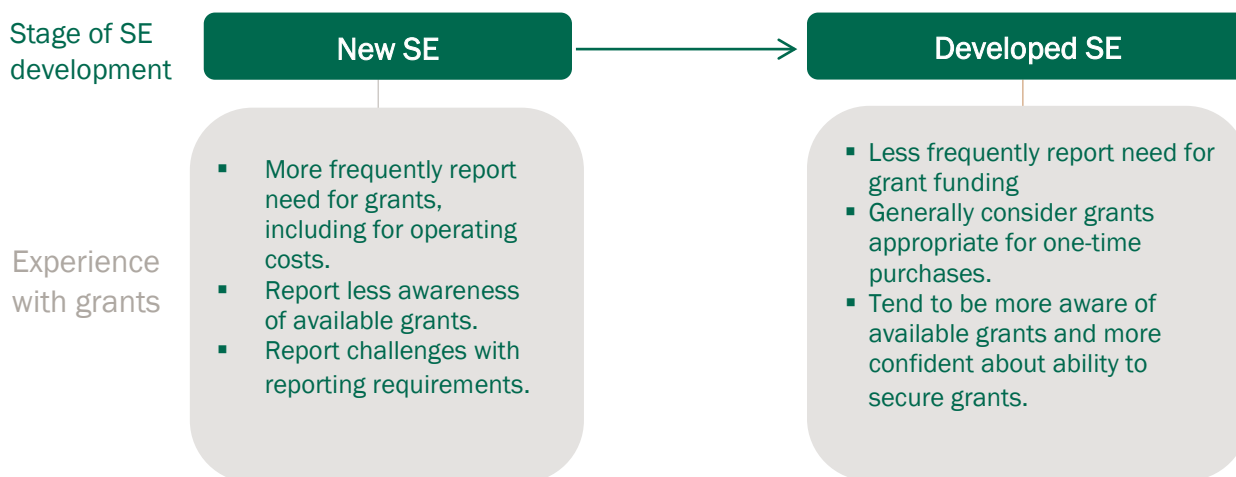
Findings

Awareness of resources available to social enterprises

Grants

In general, there was a good deal of awareness of grant funding, especially the Columbus Foundation's Social Enterprise Accelerator Change Fund and Fund for Financial Innovation. Participants also mentioned the United Way of Central Ohio and Nationwide Insurance Foundation as sources of grant funding. There was variation among research participants in terms of experience using grants. This tended to align with social enterprises' stage of development.
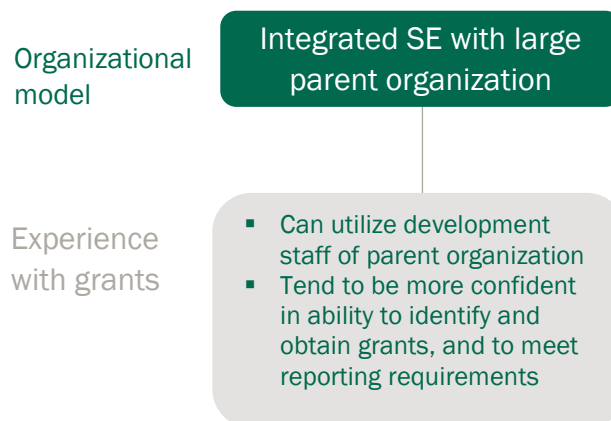
Figure 1. Established SEs were more confident about their ability to obtain and use grants, but reported a less urgent need for grant funding.

Stage of SE development	New SE	→	Developed SE
Experience with grants	▪ More frequently report need for grants, including for operating costs. ▪ Report less awareness of available grants. ▪ Report challenges with reporting requirements.		▪ Less frequently report need for grant funding ▪ Generally consider grants appropriate for one-time purchases. ▪ Tend to be more aware of available grants and more confident about ability to secure grants.

New social enterprises tended to report that they are aware of some of the available grants for social enterprises, but that they would benefit from knowing even more. These new social enterprises reported that they desired grant funding for all types of needs, but especially operating support and capital acquisitions. Several also reported that they find the application process difficult. Almost all of the new enterprises reported that the reporting requirements could feel burdensome, and that they often struggle to find overlap between funding priorities and their specific needs.

More established social enterprises reported an even greater awareness of available funds, and tended to have greater confidence about
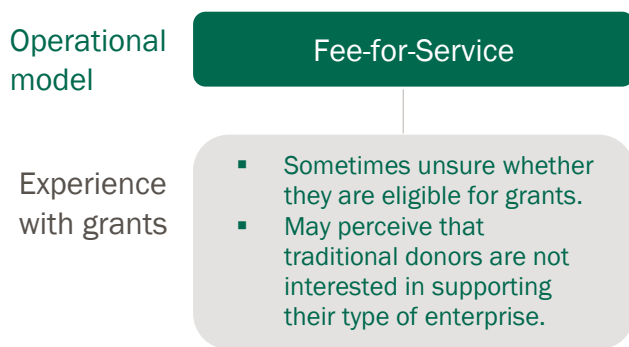
Figure 2. An SE's organizational model may impact its views on grant funding

Organizational model	Integrated SE with large parent organization
Experience with grants	▪ Can utilize development staff of parent organization ▪ Tend to be more confident in ability to identify and obtain grants, and to meet reporting requirements

their ability to capture these funds. According to one, "We do pretty well when it comes to grant applications and knowing when they're available and obtaining them." This confidence was greatest among those social enterprises who are integrated into a larger parent organization with development resources.

Within this group of established social enterprises, those using a fee-for-service operational model were less optimistic about their ability to win funds; some (but not all) reported uncertainty about whether they are eligible for many funding streams. When asked about grants, one executive from this type of social enterprise reported, "I'd be interested, but I don't think we qualify because we sell services." Another reported that since their organization adopted a fee-for-service model, they had become less attractive to their traditional benefactors, who perceived the social enterprise to be less in need of help.

Figure 3. An SE's operational model may impact its views on grant funding.

Operational model

Fee-for-Service

Experience with grants
- Sometimes unsure whether they are eligible for grants.
- May perceive that traditional donors are not interested in supporting their type of enterprise.

As was seen with the new social enterprises, several of the more developed social enterprises reported that while there is a good deal of funding available, it is not always easy to align their social enterprise's mission and needs with current funding priorities. According to one social enterprise program director, "We don't want to chase the dollars."
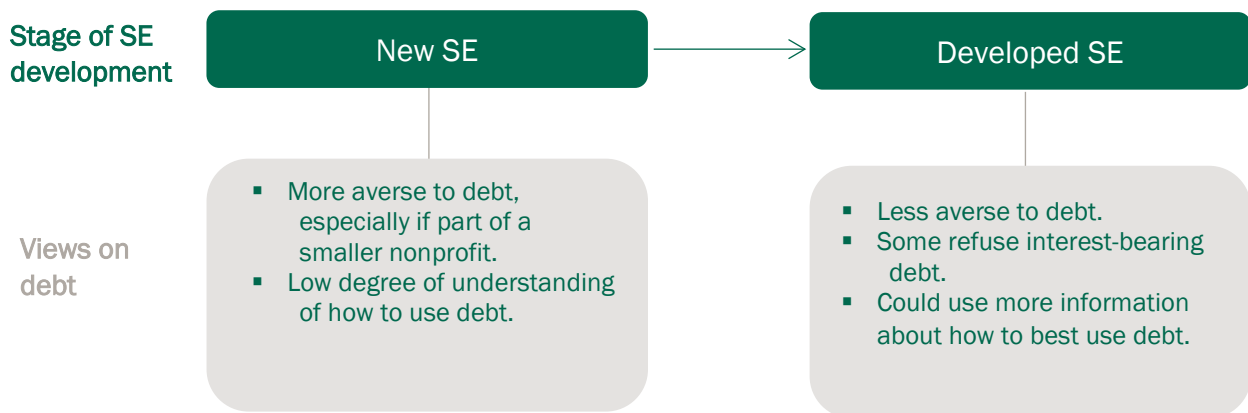
Debt

Established social enterprises reported a moderate to good level of awareness of debt tools available to them. According to one, "I know that if I needed a debt instrument of some sort the Tony Wells Foundation would help us organize that." Newer social enterprises, unless they reported having taken a Tony Wells Foundation training, were less aware of types of debt instruments available to them and how to go about obtaining and using debt. Many social enterprises, especially newer social enterprises that are part of larger nonprofits, were very averse to the idea of taking on debt. Newer social enterprises' take on debt was typified by one program director's response to questions about debt: "I think [debt] would be my last choice out of any of our options. I'd like to look at boosting sales revenue, then grants and foundations and private donors. Then debt would be the last on my list. But I don't know a lot about it and how it would work for us, so it's not really an informed perspective." Another program director put it more bluntly, "We do not know how loans work. It's something we try to avoid as nonprofits because that's death."

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Those who were more receptive to exploring the use of debt tended to be more established social enterprises, though even among this group there was reported reluctance to utilize some of the impact investing resources available in the region. Several expressed more comfort with long-term relationships with banks and credit unions, which offer loans at rates they think are lower than other investors' rates. In fact, interest rates were something that many developed social enterprises mentioned. Some research participants specifically remarked that many investors are charging social enterprises too much interest. According to one executive who runs multiple social enterprises, "The investors want to help but they still want a return… They want between 5 and 8% interest. And there's a lot of them doing that. There's a lot of that going on in town. There's a group that hasn't had a lot of hits yet and they were quoting 7%... I said, I can go to the bank and get 2 or 3% on a loan. Why would I want to do that?"

Figure 4. More mature SEs were less averse to debt than their younger counterparts were, but almost all SEs indicated a need for more information about how to use debt.

Stage of SE development

| New SE | → | Developed SE |

Views on debt

New SE:
- More averse to debt, especially if part of a smaller nonprofit.
- Low degree of understanding of how to use debt.

Developed SE:
- Less averse to debt.
- Some refuse interest-bearing debt.
- Could use more information about how to best use debt.

Social enterprises that are integrated into larger nonprofits reported unwillingness to subject their parent organization to potential loss from failed efforts to use debt. As one executive asked, "What happens if this business entity fails and we're sitting here with this obligation?" Not enough data was collected to gauge the transferability of this observation, but within the sample studies, the distribution of willingness to take on risk appeared to be bimodal: new, small social enterprises not housed in a larger, diversified nonprofit reported more willingness to consider debt; larger social enterprises, or enterprises that are important parts of larger organizations, appeared less willing.

Select Comments on the Importance of Boards of Directors

Risk Aversion of Nonprofit Boards

The joke is that we have a lot of business people on our board, but they don't necessarily want to operate us the same way they operate their own business, with the same kind of risk. ...They tend to be a little more conservative in that sense.

We are convinced we could grow well beyond where [our organization] is right now, but ..., we don't have any entrepreneurs on our board, from a start-up and sales perspective. Our board is functioning as very traditional nonprofit board, ...We all have the non-profit mentality, so we don't have resources to scale it up appropriately or go to an investor and say, 'Hey, we're ready,' or even decide when to segment it into its own LLC or something. I went to the Tony Wells investment workshop, which was great, but, you know, it's like, we're *here*, and it would be great to be *there*, but it's everything in between that's missing to get us there.

[Funders and investors need to be] willing to understand the differences of social enterprises, especially if it's being run by a non-profit versus a for-profit. The dynamics are quite different, and how we have to follow our board of directors and the process is a little bit different. You have a social entrepreneur who is on their own, they own their own business and they're out there doing a start-up and getting impact investors. The process is going to be different when you have one person versus a board of directors, even if they get on board.

Resources Provided by Boards

I think that boards need to have a better understanding of social enterprise to push a nonprofit down that path. And most of our boards come from that community and could really help us strategize and think through this. Our board was essential when thinking about [our social enterprise]. They were a great resource and we had a lot of free consultations from them. You don't want to lose sight of the value that board members could play in the movement.

Go to a board and say 'help me'. So if you're going to open a café, maybe you need a restaurant owner on your board. You're not in competition if you don't have the skill set you need. Goodwill needs a retailer on their boards to give good comments or maybe if you're a car company, have a person to tell you how to sell your cars.

Our board has a couple bankers and they always come up with a couple ways we could manage our debt best.

Technical assistance and training

Many research participants mentioned the Tony R. Wells Foundation and SocialVentures by name when discussing the technical assistance and training available in Central Ohio. Some also mentioned support provided by the Ohio State University Fisher School of Business.

While there was a good level of awareness of the technical assistance that is available, there is a still a strong desire for more technical assistance, particularly in the areas of business planning, market analysis, marketing, branding, advertising, and sales. Social enterprises of all types indicated a need for this type of assistance, though there was general consensus that this need is far greater during a social enterprise's startup phase.

> I'm thinking about how the Wells Foundation has their class for people that come from the finance side of the organization to understand the tax structures, limit corporate liability, make sure all the options are available for nonprofits who want to do something that is slightly outside of their mission… how to segment that work and organize it appropriately to protect the nonprofit. I think those are really useful to organizations like ours [and] make a difference.

Others offered the suggestion that technical assistance and trainings in the region should be more specific to the social enterprises being supported. One established social enterprise offered the following critique: "I don't know that it's the right type of support though. I see people that are trying… I think we have a ways to go, and it's more in the practical support. I mentioned earlier about a broker. Who is setting that up? Well, we need help with website development. They need help with marketing, finance, sales, etc. Those are the supports that need to be provided, not seminars where a successful businessperson gets up and talk about what they've done… What kind of support can you actually provide us?"

In this vein, most social enterprises indicated a preference for technical assistance in the form of consultants, who could be available on a part time basis to help the organizations with their particular programs. This was preferable to more generic trainings on marketing, business plan development, etc., though many expressed interested in trainings as a supplement. They stressed that consultants should work directly with the organization, and not provide information about hypothetical programs or processes. Many participants indicated that their social enterprise different in some way from the general idea of a social enterprise on which many trainings are based (in their degree of readiness to adopt changes, their desired mix of internal and external funding, and other ways).

> Our greatest need would be money for a consultant and then someone to execute it… We've had some free consulting here and there with student groups and professional organizations, but it comes back to here's this pile of ideas that are great, but either (a) we either don't have the money to execute in the next step or (b) the staffing needed… Unless you can hire someone, it's really hard.

They also indicated that hiring consultants to develop business plans, marketing plans, and other tools would only be useful if the organization also has staff with enough time and expertise to implement the plan. Because of this, suggestions for consultants were often coupled with suggestions for funding for part-time employees to use the skills taught by consultants. According to one social enterprise, "The mentoring would be great, but you almost have to have the capacity to do it. So I would have to get rid of all the other HR, and the finance stuff, and everything else I do and carve out half of my position to implement the information and the tactics that we need to propel it forward." While this highlights the resource scarcity experienced by many social enterprises, it also suggests that consultants may need to find better ways to bridge the gap between consultation and implementation.

One established social enterprise suggested that a funder or investor could serve as a broker for consultants who are willing to donate a certain number of hours to social enterprises. Almost all of the established social enterprises agreed with this suggestion when asked during interviews (the focus group with newer social enterprises had already taken place when the suggestion was made). Many social enterprises thought that the growing emphasis on corporate social responsibility would encourage professionals with needed expertise to donate time to social enterprises. Funders could subsidize these consultants, if desired, in order to make a larger number of hours available, but this would not be a necessary feature of the model. The main feature would be that a funder would be a repository of information about what consultants are available, and would act as a broker to match social enterprises with consultants.

Peer support

All participants reported that peer support is available in the region, and many of the established social enterprises reported a willingness to offer support to newer social enterprises. Many respondents specifically identified SocialVentures as a source of peer support. There was no clear agreement about the most useful forms of peer support. Some research participants preferred formats that provide for intensive interaction with a small group of peers; others preferred quarterly social gatherings and still others preferred one-on-one mentoring.

> You learn a lot from peers and a lot of times they turn into business support as well... Often times you learn more from your failures than you do your successes so having peers with both successes and failures would certainly help us.

Persistent barriers facing social enterprises

While the social enterprises contributing to this project reported that they have generally received substantial support, there nonetheless remain several persistent needs and challenges facing many of the social enterprises in the region.

Skill deficits

Many research participants identified typical areas of skill deficits within nonprofits in the social enterprise arena. Not surprisingly, these largely overlap with the areas in which research participants also identified the need for technical assistance. Skill deficits were said to characterize almost all nonprofits starting social enterprises. Many new social enterprises identified a need for business-related skills, and remarked that all of their staff were trained in service provision or other mission-related fields. For this reason, one executive indicated that organizations starting a social enterprise should not assume that their existing staff has or can develop all of the needed skills: "I think nonprofits don't always do this well… I always encourage people not just to promote from within if those folks within don't already have the skill set you need for that level of job." In particular, social enterprises that require technology new to the organization, such as a kitchen platform or a pharmaceutical tracking system, may not fare well if depending solely on existing staff.

> Existing nonprofits think that they're able to start and manage a business with existing assets and staff and that's just not healthy nor practical.

Difficulty recruiting and retaining staff

Many social enterprises reported difficulty with attracting and keeping staff, primarily because of the wages the organizations pay. Some attributed this to the idea that social entrepreneurs who are not using all profit to grow the business cannot afford to pay competitive wages: "It's probably our biggest challenge currently, just trying to get our rates of pay up to a competitive place where we can attract our entry level jobs… Our programs absolutely have to have those in order to function. We can never find enough of them." The same program director reported that

> Recruiting staff, that's a challenge, finding good staff who are willing for the mission maybe to take, right at market-rate or maybe sub-market rate pay. That can be a challenge.

difficulty finding staff affects more than entry-level positions, "Similarly, attracting and maintaining folks that would like to work in a nonprofit space but, at the end of the day, sometimes they're forced to choose between a job that they love and supporting their family—those two aren't always easy to balance at the middle manager level. The executive level, you can do all right. But that mid-level manager has a period there that some folks aren't willing to weather. So we've identified that we need to bring up our pay rate to be competitive with for profit spaces as an ongoing strategy."

Other social enterprises reported that they do pay skilled staff higher wages, but that this generates resistance within their organization because the pay is out of alignment with others' salaries. Still others reported that while they had difficulty attracting and keeping staff, it was not because of their status as a social enterprise, but rather because all business in their field were facing this difficulty: "Recruiting other staff is not just [a challenge] for social enterprises, it's just the struggle today in our community because there are so many jobs out there, especially if you're doing entry level work., just a lot of jobs so the competition is tough." There was no pattern among types and stages of social enterprise that correlated with different types of views on recruiting staff.

Premises

Difficulty finding and affording suitable locations was identified by most research participants as a significant issue for social enterprises. Only one social enterprise, which runs a profitable business, reported that it has been able to find suitable and affordable premises without too much trouble. Social enterprises that sell goods or services directly to the public argued for the need for premises in high traffic areas with easy access for potential consumers. They argued that this was especially important when competing with for-profit businesses that can afford prime real estate.

> The thing is that every dollar counts. So having cost effective...feasible space in which to operate is a significant need.

One large, established social enterprise indicated that lack of available space for new stores was preventing them from expanding further: "We have been actively looking for locations to expand our [enterprise] for over a year now, and we have two to three identified target markets, and we've not been able to find anything that is really affordable within our business model and that are suitable. So, that is a huge, huge deal. Obviously social enterprises want location, location, location, just like any business. And yet, we can't necessarily compete with some of those for-profit retailers for what they're willing to pay for a prime location, so we have to then settle for… less than ideal locations which, even that… when it comes to cost right now, there's just not a lot of availabilities. Everything is very, very expensive, way more than we're willing to take the risk on, so that's I would say one of our big barriers."

Research participants suggested that impact investors who want to support social enterprises could purchase suitable buildings and rent them to social enterprises. Social enterprises are in need of premises on which to prepare goods, premises that serve as storefronts for selling goods to the public, and premises at which to provide services.

Regulatory environment

A subset of research participants indicated that the regulatory environment inhibits their growth by increasing the cost of doing business. According to one new social enterprise: "The rules required to maintain compliance grow every year…we're operating with more costs in order to maintain compliance, with not a huge amount of more income, and even the amount of income that's generated from Medicaid…[creates] more hoops to jump through and rules that change all the time."

These organizations reporting this as a barrier varied widely in terms of their organizational model, operational model, mission orientation, and degree of business program integration. Almost all who reported this barrier were new social enterprises. Many, but not all of these participants operate in the food service industry; some are service providers.

> Identifying ...the ideal person who can manage the business entity without having any responsibility within the existing programs of the parent nonprofit is extremely important... You need a person who understands business missions and somebody that has the ability to understand how to manage a P&L, staff, meet customer expectations."

Leadership

Several research participants identified a need for skilled leadership to manage the conflicting demands of business and mission. Not surprisingly given the

study sample, the discussion of leadership focused on the need to shift leaders toward a more strategic, market-based approach to securing long-term organizational viability and greater social impact. In addition, many social enterprises stressed a need to give leaders enough freedom from program responsibilities to carry out their leadership function.

Internal resistance

Related to the need for leadership is the need to address the internal difficulties that organizations, especially nonprofits, face when stewarding a social enterprise. This barrier applied to any social enterprise that had differentiation between the social enterprise and the mission, or between the business and the parent organization.

> If I was a regular business I would hire people with the most experience, who are most efficient, and whom I anticipate will be with the organization for a long time. Instead, we usually aim for the opposite, people who need a lot of skills work. ...Trying to run that kind of social program inside this model of for-profit finances is really challenging.

Social enterprises run by nonprofit organizations generally reported a good deal of internal tension in their organizations as they worked to balance the business side of their enterprise with the mission side. One veteran of multiple social enterprises described this challenge in stark terms: "Because the general spirit of a nonprofit individual is, for all intents and purposes, typically an individual who for even the word profit will feel potentially like something dark and dreary and evil and understandably so. But, when it comes to having an earned income strategy that you want to be profitable, you want to funnel your funding strain where you want cash flow and recognizing a greedy love for money is the real issue, not money itself that they should have that angst for. So that mindset shift [is needed]."

> The double-bottom line is a very foreign concept to those who are delivering program services to the underserved.

Intentional (and structural) inefficiencies

The social enterprises involved in this research vary in terms of the balance they aim to strike between reliance on market income and external support. Some research participants resisted what they viewed as an assumption that their goal should be pure reliance on market-based income. Instead, they reported, they intentionally opt for a long-term resource mix in order to balance sustainability and social mission. Otherwise, one program director argued, "We're trying to stuff an atypical business into a typical business mold." This "intentional inefficiency," as one participant called it, creates long-term insecurity when not coupled with a parent organization willing to subsidize the enterprise.

It should be noted that in some cases the inefficiency may actually be a structural inefficiency in which the market cannot pay for the needed value created by the social enterprise. Some social enterprises choose not to seek greater market-based income by adjusting their processes or target audiences because of a commitment to mission.
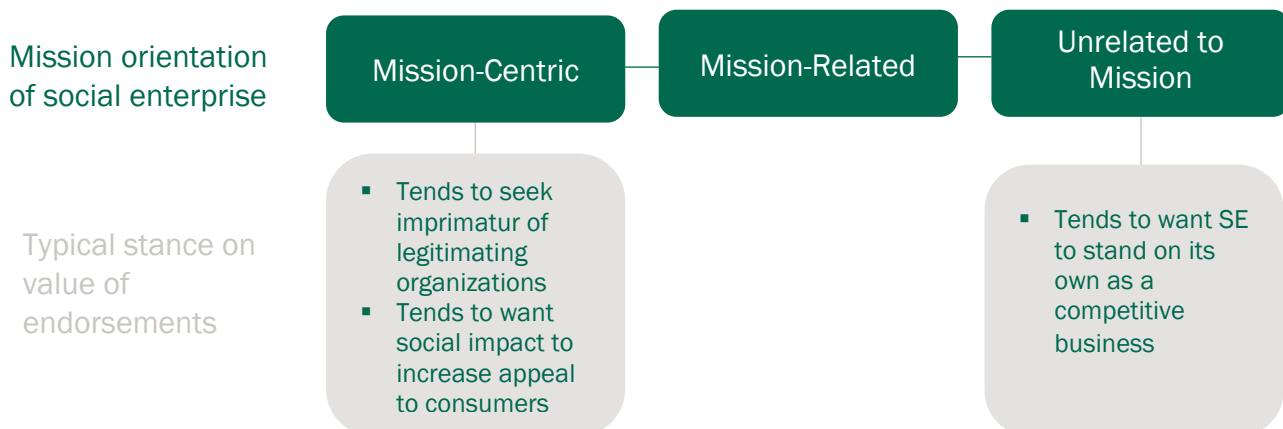
Lack of public awareness of social enterprise

Most social enterprises indicated that they would like the public to have a better understanding of social enterprise. Some argued that this would make their products and services more attractive to consumers: "First you have to educate the user that…we're better than the competitor that is already out-marketing us to begin with, and then you have to sell your mission, and then you have to explain what a social enterprise is because nobody knows." Others warned that relying too much on the attractiveness of the enterprise's social impact can lead to compromise on the quality of the good or service produced, which can be fatal to the enterprise. According to one director of multiple social enterprises: "If people view social enterprises like they view a dental school or a beauty school where you're going to go to those places, pay a lower rate, but you'll be okay if it doesn't turn out 100% perfect, I think that would be the death of social enterprises to be put in that category."

Perceived credibility of social enterprises

Social enterprises who identified a need for greater public understanding of social enterprise also tended to want the imprimatur of foundations and investors in order to build credibility with the public, asking for some sort of seal of approval in order to verify their status as legitimate social enterprises. Other social enterprises, especially those who were operating in organizations with multiple social enterprises with product or services that were not directly identified with their missions, thought differently: "I want the business to be taken on its own merit, rather than because it was funded by X."

Fig. 5. Whether a SE liked the idea of an endorsement by a prominent funder/investor tended to vary as a function of the organization's mission orientation.

Mission orientation of social enterprise

Mission-Centric — Mission-Related — Unrelated to Mission

Typical stance on value of endorsements

Mission-Centric:
- Tends to seek imprimatur of legitimating organizations
- Tends to want social impact to increase appeal to consumers

Unrelated to Mission:
- Tends to want SE to stand on its own as a competitive business

Suggestions

Unified reporting process

Many social enterprises, especially newer ones, reported difficulty meeting the different reporting requirements of multiple funders and investors. Several new social enterprises proposed a unified reporting process for social enterprise funding, or a unified set of metrics on which social enterprises would be expected to report, in order to free up scarce staff time and reduce overhead. This strategy may be most plausible in the case of smaller-scale assistance to newer social enterprises, or smaller social enterprises not supported by larger parent organizations.

Assistance with premises

Almost all types of social enterprises identified finding and affording suitable premises as a significant barrier to sustainability and expansion. Some social enterprise suggested that investors who are interested in supporting social enterprises could purchase properties and rent them to social enterprises.

Brokering of consultants

Social enterprises reported that because of the popularity of social enterprise, some professionals are willing to donate some of their time to help social enterprises with marketing, business planning, and other activities. To take advantage of this, social enterprises identified a need for an agent to serve as the repository of information about available consulting, and to serve as a broker to connect social enterprises with willing consultants. This would create a more efficient way for social enterprises to access much-needed skills. To do this, according to one social enterprise, "It may require somebody that's sitting at a higher level to reach out and… get the resources connected to the nonprofits." A funder or investor may also be in a better position to recruit consultants to participate in this arrangement.

Debt education

While many social enterprises expressed reluctance to assume debt, even more indicated that they did not have a good understanding of how they would use debt, or how they would move their organization to a position from which it could responsibly assume debt. Research participants offered no specific suggestions about how to educate social enterprises in this area, aside from requesting individualized assistance educating nonprofit boards about debt and other development strategies that include an element of risk. Based on the information gathered it appears that at least some of the education in this topic area would need to be at an introductory level with specific information about how individual organizations could position themselves to benefit from the strategic use of debt.

Close collaboration with social enterprises

Social enterprises showed a good deal of enthusiasm for close collaboration with funders, investors, and technical assistance providers. On one hand, newer social enterprises and those with intentional inefficiencies built in to their processes appeared to want to be sure that supporters are aware of their specific needs. On the other hand, more established social enterprises tended to make this recommendation in order to ensure that organizations are using the support they are given in ways that increase their organization's ability to create social impact. One director of multiple social enterprises observed, "Collaborative partnership, coming alongside and having a vested interest in your [organization's] mission…those are things that are generally missing [in many forms of support for social enterprises]. In my conversation with the Wells Foundation, they were clear about not coming to ask for funding. They're not interested in funding projects. They want to fund the impact, and we want to be involved in ensuring that we're going to get maximum social impact from their investment. I think that's the right strategy. Don't just give the money… make sure the money that what you are giving is being used in the right way."

> Instead of a funder having money to give, part of the process should be to collaborate or partner or come alongside the nonprofit to understand what their challenges are.

Conclusion

The 23 social enterprises who contributed to this research vary in substantial ways. Some are led by individuals with extensive business experience, while others are led by individuals steeped in the nonprofit world. Some provide goods or services that have virtually universal appeal, while others serve specific niches. Some incorporate their mission into the very functioning of their enterprise, while others have a clear separation between their revenue-generating enterprise and the social mission its serves. These are just a few of the differences. Due to these differences, many of the social enterprises that contributed to this research made a strong call for differentiation among the types of social enterprises, and individualization of the supports offered to them.

In some areas, though, there was consensus among social enterprises of varying types. Technical assistance is almost universally desired by new social enterprises of all kinds, and is still desired by many established social enterprises when it is offered in a way that is individualized to each enterprise's needs. Almost all welcome interaction with peers, though preferences regarding format do vary. Streamlined reporting requirements from funders and investors would also be welcome by all, but especially by those who do not have development specialists on staff.

While most of the social enterprises studied were able to identify many needs and concerns, there was consensus that social enterprises in Central Ohio enjoy a growing support system, and that this support system includes individuals and organizations genuinely committed to supporting organizations that are seeking to create positive social impact. The information and suggestions offered in this report are intended to facilitate the continued growth of this support system.

Appendix: Research Participants

Social Enterprises

Peggy Anderson, Equitas Health (Equitas Medical Center, Equitas Health Pharmacy, Prizm)

Melissa Combs, Director of Development, Columbus Center for Human Services (Open Door Art Studio and Gallery)

Sharon Dorsey—Program Director, Open Door Art Studio and Gallery

Kelly Dufour, Assistant Executive Director, Ohio Wildlife Center (SCRAM Wildlife Control)

Chuck Gehring, President and CEO, Lifecare Alliance (Carrie's Café, LA Catering, LA Wellness Works, Meals for Kids)

Jim Gill, Chief Operating Officer and Chief Business Development Officer, Godman Guild Association (Blue Bowtie Catering, Camp Mary Orton)

Brian Kridler, Senior Vice President for Strategy and Innovation, YMCA

Colleen McDonnell, Graphic Designer, Columbus Center for Human Services (Open Door Art Studio and Gallery)

Michelle Moskowitz Brown, Executive Director, Local Matters (Wellness Matters)

Amy Noltemeyer, Founding Board Member, Growler's Dog Bones

Greg Rodgers, Social Impact Director, Central Ohio Youth for Christ (HireLevel Auto, HireLevel Promotions)

John Rush, President and CEO, CleanTurn (CleanTurn Demo, She Has a Name Cleaning Services)

Kenny Sipes, The Roosevelt Coffee House

Chelsea Snyder—Community Art and Engagement Director, Open Door Art Studio and Gallery

Steve Votaw, President, Downsize with a Heart, Furniture with a Heart

Phil Washburn, Program Director, Habitat for Humanity MidOhio (MidOhio's Restores)

Lauren Wilson, Program Director, Freshbox Catering

Funders and Investors

Emily Savors, Director of Grants Management, The Columbus Foundation

Patrick Westerlund, Director of Strategic Partnerships, Tony R. Wells Foundation

Carrie Almasi, Senior Impact Director for Systems and Innovation, United Way of Central Ohio

Tim McCarthy, The Business of Good Foundation

Mike Schott, Director of Community Development, Kaufman Development

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[ii] This is not a comprehensive list (in fact not all of the SEs interviewed for this report are on this list). It is, however, the most comprehensive listing available. SocialVentures (2017). Mobilizing the Community: The State of Social Enterprise in Central Ohio, Third Annual Report. Retrieved from socialventurescbus.com

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