

Introduction to Social Enterprise: Potential Possibilities & Pitfalls **Taking Action Worksheet**

Thanks for joining this short introductory workshop on social enterprise! Here's what is included in this resource package:

- Presentation Summary
- Social Enterprise Readiness Checklist Exercise
- Risk Matrix Exercise
- Taking Action – 3, 2, 1 Go!
- Listing of Additional Resources for Social Enterprise

Presentation Summary

What is Social Enterprise?

There are several variations of the definition for the term 'social enterprise', and when put into practice this idea can manifest in many various forms. Put simply, the essence of social enterprise is to employ market-based, entrepreneurial strategies for the purpose of progressing an organization's social or environmental impact. Often, this boils down to selling goods or services to offset all, or a portion, of an organization's expenses.

Potential Possibilities

1. Advancing Mission: fostering system-wide transformation
2. Freedom: Investing in overhead, capacity building and long-term strategy
3. Growth: Scaling a proven social innovation

Potential Pitfalls

1. Not staying true to your vision for change
2. Not exploring multiple ideas (related to not building off your strengths)
3. Expecting a silver bullet
4. Setting unrealistic goals or targets
5. Not building a strategic plan
6. Letting legal dictate

Assessing Readiness

The following exercises will help kick start your discussions for social enterprise readiness, and frame considerations to explore before embarking down the path of social enterprise.

Social Enterprise Readiness Checklist

Readiness Items	Yes	No	Don't Know
Mission			
Have the staff and board reviewed the idea of business development in relation to the organization's mission statement?			
Are revisions or updates of the mission necessary?			
Have you decided on the mission uses for the business and the mission uses for any profits?			
Risk			
Have the board and staff discussed the risk inherent in new business development?			
Have limits been set on venture capital put at risk?			
Do your board and staff view resource allocation as investments rather than expenditures?			
Do your board and staff understand that the desired outcome for a not-for-profit business is a mix of mission return and financial return?			
Systems			
Does the organization have personal and finance policies that have been revised in the past 24 months?			
Does the organization have a strategic plan that is current?			
Does the organization have the information systems, payroll, accounts payable, and receivable systems that can accommodate growth?			
Is the organization's financial accounting software able to track multiple projects and/or businesses?			
Skills			
Are all of the following skills available within the staff and governing volunteers: planning, budgeting, pricing,			

marketing, project management?			
Are skills and experience available within the industry or area you have chosen to pursue?			
Has the management team made the commitment to allow talented and experienced individuals to use their skills to develop the new business?			
Have you generated a list of your organization's core competencies?			
Space			
Is there readily available appropriate physical space to house the business?			
Is there adequate equipment, wiring, plumbing, ventilation, security and lighting for the business?			
Finances			
Has the organization as a whole been profitable the past three years?			
Does the organization have at least 90 days of cash or cash equivalents on hand?			
Does the organization have an excellent relationship with its banker?			
Does the organization have a line of credit?			
Does the organization have a current ratio of 1.0 or higher?			
Does the organization have a debt to net worth ratio of 0.3 or less?			
Will any of your founders penalize you for any net income from the business?			
Instructions: Add up the number of yes and no and don't know answers and put totals to the right.			

The Readiness Checklist has been adapted from "Social Entrepreneurship, the Art of Mission-Based Development" by Peter C. Brinckerhoff

Risk Matrix

On the next page is an activity to help you take a deeper look at your organization's willingness to take on risk. It will also help you explore how to mitigate, or reduce, these possible risks so that you feel prepared and confident going forward with a social enterprise strategy.

For each of listed areas write down a possible risk along with the potential magnitude of risk if it occurs, and the possibility the risk will occur. Assigning a figure of 1 to 5 for each of these categories, you can rank all of the possible risks after multiplying your figures together.

Once you have brainstormed potential risks and assigned values, you can plug your risks into the next table in order of highest risk to lowest risk. Now that you have actively considered the possible risks and their impact you can then design solutions to reduce or mitigate the risks. Hopefully this exercise helps in preventing undue headaches down the road.

The risk matrix has been adapted from matrix developed by Jed Emerson in "Understanding Risk, The Social Entrepreneur, and Risk Management" in Enterprising Nonprofits - A Toolkit for Social Entrepreneurs, ed. Dees et al. (New York: John Wiley & Sons, 2001), pp. 126-129.

Risk Category	Description of Risk	Potential magnitude of risk if it occurs	Possibility this Risk Will Occur	Risk Ranking
Financial Risk				
Social Return Risk				
Political/ Public Relations Risk				
Internal/ Organizational Risk				

Where 1 = low probability, 1 = low potential magnitude (not so damaging)
and 5 = high probability, 5 = high potential magnitude (very damaging)

Risk Ranking Table

Rank	Risk	Mitigation Strategy
1		
2		
3		

Taking Action - 3, 2, 1 Go!

3 things I learned today are:

2 actions I will take within the next three months to build off today's learning are:

1 thing I would like to learn more about is:

If you'd like to build in extra accountability, go ahead and share your *3, 2, 1 Go! Action Steps* by emailing Danielle@theSedge.org. I will do my best to connect you with the resources you may be looking for and follow up in three months to see how your action steps went!

Additional Resources For Social Enterprise

Resources from theSedge.org:

- BOOST Academy Sneak Peek Training Series -<http://www.theSedge.org/ba-sneak-peek-sign-up>
 - Top 10 Mistakes That Prevent Social Entrepreneurs From Launching Financially Sustainable Social Enterprises
 - The 7 Fundamental Social Enterprise Frameworks That Maximize Untapped Value
 - The Quick & Dirty One Page Strategic Plan (Using the Business Model Canvas for Social Enterprise)
- About BOOST Academy Social Enterprise Strategic Design Course - <http://www.theSedge.org/boost-academy-details>

About The Trico Charitable Foundation:

The Trico Charitable Foundation provokes innovation and builds capacity in social entrepreneurship through education, grants, and Social EnterPrize awards.

Enterprising Non-Profits Alberta (*enp-ab*): provides funding and educational opportunities for Alberta-based non-profit organizations to evaluate and enhance their social enterprises. Social Enterprise workshops are held throughout the year and are pre-requisite for organizations interested in obtaining business development funding from Trico Charitable Foundation.

Three resources Trico recommends to any organization considering social enterprise:

- Our website- www.tricofoundation.ca
- Social Enterprise Canada- www.socialenterprisecanada.ca
- Chartered Professional Accountants Canada - 20 Questions Directors of Not-for-Profit Organizations Should Ask about Social Enterprise <http://www.cica.ca/publications/list-of-publications/item80227.aspx>

Still have questions? Let's Connect

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