



Survey Results 2009 Membership Survey

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Executive Summary

The field of social enterprise crosses traditional boundaries of nonprofits and for profits and is relatively young. Those engaging in social enterprises take a fresh approach to solving problems by creating income-generating products and services which address societal problems from unemployment to housing, from health education to legal support. This approach is not only useful, but critical in creating a more just and sustainable world.

The Social Enterprise Alliance (SEA) conducted an electronic survey of its membership of 500 in August 2009 to further the following objectives:

- Better understand the characteristics of members' organizations in order to inform SEA's choice of policy priorities and advocacy initiatives;
- Better articulate the profile of SEA and its members in the policy arena; and
- Develop the infrastructure to craft SEA's public policy agenda.

Almost 30% or 146 members responded to the survey. Out of the total respondents, 108 were determined to be "pure social enterprises" while 38 were viewed as "consultants or nonprofit supporters." Accordingly, this survey summary addresses each group's data separately in Parts A and B. Part C addresses their joint interest and readiness to participate in advocacy.

Part A: Social Enterprises

Social Enterprises: Key Findings and Insights

1) The most typical SEA social enterprise respondent members are seasoned nonprofits in the areas of human services, education, community/economic development, and workforce development, which engage predominantly in education and training and consulting services as all or part of their social enterprise services. Their median budget is \$1 million to \$2.5 million, balanced with approximately 20% under \$500,000 and 20% greater than \$15 million. This spread in size is clear in their staff sizes also, with median staff numbers being in the 16-35 range and fairly equal bookends of those with under 15 employees and those over 75 employees. Most use volunteers in substantial numbers relative to their size – but usually it is the larger organizations that use AmeriCorps volunteers.

2) These members strongly relate to the public policy arena for three reasons. First, their social enterprises frequently serve customers who are most likely individuals needing to train for, secure, and retain employment, or who want to form small businesses. Second, their services are being and can be further used by government to make progress in alleviating societal problems of unemployment, poverty, and related housing, health and community issues. And last, their

programs can be improved and expanded with modest government support. Over half the respondents have case study potential that could attract government seed money.

Demographics and Profile of Social Enterprises

The results from the survey added these dimensions to our understanding of social enterprise organizations.

Category. *Nonprofit* social enterprises in human services (23), education (14), community/economic development (12), and workforce development (12) represented approximately 56% of the respondents. Others were spread across youth services (8), housing (5), arts (4), health (4), and technical assistance (4) organizations.

Age. The median age was in the range of 25 years old with 28% dating back before 1970, and 23% being founded since 2000.

Location. Organizations *headquartered* in California constituted a dominant 18.5% of respondents, while Canadian respondents who came in second constituted 8.3%. Colorado, the District of Columbia, Florida, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Minnesota, Missouri, New Hampshire, New Mexico, New York, Ohio, Texas, Virginia and Washington all tallied better than a 2% share of the survey. There were no respondents from 18 states located across all regions.

Looking at respondents' *programmatic activities*, six of the social enterprises reached into every single state, with five operating beyond the U.S.

Staff. The median staff size was 16-35. Approximately one-third of the social enterprises have staff of 15 or fewer, one-third are mid-sized enterprises (16-35, 36-50 and 51-75) and another one-third of were large organizations (75+). Within the latter group, 12 of the 35 were human service organizations.

Volunteers and AmeriCorps. The presence of large numbers of volunteers tends to grow with size although some small organizations have volunteers that outnumber their staff. Once staff size reaches 6-15, almost all organizations use volunteers. AmeriCorps volunteers are concentrated in the larger staffed nonprofits. One-fourth of social enterprises use them.

Budgets. The median budget for all social enterprises fell in the \$1 million to \$2.5 million range. Approximately one-third of social enterprises had a budget of less than \$1million with 22% under \$500,000. Of the 37% of those with budgets in excess of \$5 million, human service and education organizations tended to have the largest budgets, followed by workforce development organizations, and then community and economic development and housing organizations.

Social Enterprise Engagement. Not all, but 89% of social enterprise respondents engaged in social enterprise strategies. The term "social enterprises" was defined as "earned income strategies that directly advance your social mission." Almost 80% percent of those strategies are structured as programs, divisions or departments within the social enterprise itself.

All social enterprises in the areas of arts and culture, technical assistance, and workforce development responded affirmatively that they engaged in social enterprise strategies. Ninety-five percent of human services respondents also did so, and 90% of community/economic development organizations. Least likely to engage were respondents doing advocacy/policy reform.

Types of Social Enterprise. A wide variety of income generating activities are operated by social enterprises, with over 31% offering education and training services, 23% offering consulting services, and 10% or more engaged in each of these activities: food services and catering, salvage/recycling, and landscaping or grounds maintenance.

Customers and Metrics. The bulk of social enterprise customers appear to be individuals who can benefit from training and programs which increase their ability to find and hold employment, increase their incomes, start up small businesses, and improve their housing situation.

The most common metrics are the number of those who secure and/or retain employment and increase their incomes; the number of those trained or graduated from programs; and indicators of revenue earned or funds generated at both the individual and organizational levels.

Value to Government. Almost half of the social enterprise respondents (53) believe they have a product or service government is or would be interested in purchasing. Most consistently, workforce development organizations responded affirmatively at 83% to having value to government, while organizations in community/economic development (54%), youth services (50%), education (43%), and human services (42%) also generate products or services worthy of public funding.

Workforce development respondents deliver the following kind of income-generating services: a wide variety of employment and temporary staffing services, and consulting and education and training services that collectively place individuals in a variety of working environments. Community and economic development respondents – in addition to some of the above - also generate income through a variety of housing and loan services, and some offer childcare.

Government Funding. Of those 53 social enterprise respondents who affirmed that they are a current recipient of public funds or have submitted an application for them, 26 said they receive federal funds, 14 said they receive state funds and 12 said they receive local funds. The largest numbers of recipients receiving federal funds were in areas of community/economic development, human services, workforce development and youth services.

Diversity of Funding. Of the almost half who responded to identifying their top four supporting organizations, the list offers a broad mix of foundations, businesses and government sources.

Ability to Demonstrate a High-Performing or Innovative Approach. Of the social enterprise respondents, 55 or half said that their organization would be interested in and qualified to serve as a case study of a high-performing approach. This contrasts with 68 respondents or 63% who said they are “very” or “somewhat” prepared to offer case studies mature enough for evaluation of innovative approaches. The former group of 55 organizations was not all within the group of 68 – in other words, an organization might have a very mature case study of an innovative approach but not have a case study of a high-performing approach and vice-versa.

Ability to Expand or Improve. Approximately 60% of social enterprises specified amounts of federal seed money they could absorb to improve or expand the impact of their work, most of whom had case study potential.

The median *minimum* amount they could absorb is 50,000 to \$100,000, although one-third fell in the range of \$100,000 to \$500,000. The median *maximum* amount was \$500,000 to \$1 million. Over 35% of the group, however, could absorb over \$1 million.

In summary, and assuming respondents were fairly representative of SEA membership, a member profile of a pure social enterprise that met the “median” numbers would include the following characteristics:

- ◆ A nonprofit in human services, education, community/economic development or workforce training;
- ◆ That has been active for over 20 years;
- ◆ Has a staff of 16 to 35, supplemented in many cases by volunteers;
- ◆ Has a budget of more than \$1 million and less than \$2.5 million;
- ◆ Is engaged in social enterprise to generate fee income through education and training, and consulting services that primarily benefit individuals to improve their livelihoods;
- ◆ Has products and services of value to government and receives some public funds; and
- ◆ Has the potential to improve or expand their services, and could absorb seed money to do this in the range of \$50,000 to \$1 million.

Part B: Consultants and Supporters

Consultants and Supporters: Key Findings and Insights

Twenty-six percent of the survey's respondents are deemed consultants or supporters – as compared to the pure social enterprises working directly with clients. These included the “for profit” and “other” categories of responders and five foundations. They are on average a group of small, relatively new organizations which provide consulting and education and training services throughout the U.S. They have smaller budgets on average compared to the nonprofits, social enterprises, and government agencies they serve. They are also sources of case studies and models that might be expanded or improved with federal seed money.

Demographics and Profile of Consultants to and Supporters of Social Enterprises

Of the 146 responses to the survey, 38 are deemed to be consultants or in a supportive role to the social enterprises described in Part A. The results from the survey added these dimensions to our understanding of those for profits and foundations that consult with or provide support to nonprofit social enterprises, government agencies, or communities.

Category. Twenty or over half of this group identified themselves as engaged in consulting, and either self-identified as for profits (9) or did not identify themselves either as for profit or nonprofit (11). Consulting appeared to be primarily in the area of management, but also included legal and fundraising assistance.

Of the remaining for profits (13) who responded, four placed themselves in the category of community/economic development, three in technical assistance, and two each in the arts and education.

The five foundation respondents said they did advocacy and policy work (1), community/economic development (1), funding /lending /investing (2), and human services (1).

Age. Slightly over half of this group was organized between 2005 and 2009. Foundations tended to be older, dating back as early as 1981.

Location. There were seven organizations in this group *headquartered* in California, four in New York, and three in Canada. Others were scattered around the country.

Twenty- three stated that their *programmatic activities* extended to all of the U.S., with nine of these also operating beyond the U.S. Three operated only outside the U.S.

Staff. Over 70% or 27 of this group had one to five paid staff and eight had staff ranging from 6 to 15.

Volunteers and AmeriCorps. Seventeen of the 38 engaged volunteers with the highest numbers of volunteers assisting the smaller organizations, for example in community organizing and economic development and with foundations. Of course, none of this group had AmeriCorps volunteers.

Budgets. Twenty-three or 61% of this group had budgets of less than \$250,000 (including two foundations). Only six had budgets above \$1 million.

Social Enterprise Engagement. Twenty-six or 68% of this group engage in social enterprise strategies (earned income strategies that directly advance their social mission).

Types of Social Enterprise. This group by definition engages primarily in consulting and

education and training services, including IT services and rental and real estate services.

Customers and Metrics. Most customers of this group are nonprofits, social enterprises, government agencies and communities.

Metrics include both sales and number of client organizations, and in some cases, the numbers of people who benefit from their services at nonprofits.

Value to Government. Of this group, 16 said they have a product or service that federal or local government is or would be interested in purchasing. Most commonly these were education and training products and services.

Government Funding. There were three respondents in this group (one in Canada) who affirmed that they are a current recipient of public funds or have submitted an application for them.

Ability To Demonstrate a High-Performing or Innovative Approach. Of this group, nine said that their organization would be interested in and qualified to serve as a case

study of a high-performing approach. This contrasts with 17 respondents who said they are “very” or “somewhat” prepared to offer case studies mature enough for evaluation of innovative approaches. The former group of nine was a subset of the 17 – in other words, an organization might have a very or somewhat mature case study of an innovative approach but not have a case study of a high-performing approach.

Ability to Expand or Improve. Fifteen or 39% of this group responded that they could absorb federal seed money. Eleven of the 15 could absorb *minimum* seed money of \$200,000 or less, with \$50,000 as the median. Somewhat surprisingly the maximum amounts they could realistically absorb in a year’s time to expand their model seemed high: eight said they could absorb as much as over \$1million, with six stating they could absorb from \$2.5 million up to even \$10 or \$20 million.

Part C: All Respondents' Interest in and Readiness for Advocacy¹

Key Findings and Insights

There is a strong interest among respondent members in being involved with the Social Enterprise Alliance in its advocacy efforts. Members are already involved in advocacy efforts at federal, state, and community levels across the country. Many have relationships with elected officials, and beyond that have public or highly visible champions. Many have experience working in coalitions.

Current Engagement

Eighty-nine or approximately 61% of all respondent organizations are involved in advocacy (i.e., advocating with government officials for their issue, cause, or solution to a social problem.) Those *very involved* (30 social enterprises, 3 consultants) as compared to *somewhat involved* (41 social enterprises, 15 consultants) tend to be large in staff and budget size. They are also more likely to have an existing or potential connection with the government, either because they have a product or service that government is or would be interested in purchasing, or because they have received public funds.

- ◆ For example, 76.6% of organizations *very involved* in advocacy have received public funds, compared to 57.4% of those *somewhat involved*, and compared to 13.3% of organizations who are *not involved* in advocacy.
- ◆ Similarly, the greater the involvement in advocacy, the more likely the organization has a product or service that government is or would be interested in purchasing.

Advocacy at the community level is most common (76 respondents) followed by state level advocacy (69 respondents), and then by federal (55 respondents).

- ◆ Those *somewhat involved* in advocacy tend to do less federal level work, while those *very involved* tend to do more federal work and to consistently work with other associations and organizations to conduct advocacy.

Willingness to Do Advocacy Work with SEA

There were 43 respondents who were *very interested* in working with SEA as an advocate, which includes 8 consultants. They are based in over 20 states, Canada, the Philippines, Bangladesh, and South Africa. They include people who have a broad base of advocacy experiences, and are able to help in multiple areas – with media, with legislators, writing op eds, serving as an Ambassador on issues, or on the Advisory Council and participating in campaigns. More than 30 others including 3 consultants are *somewhat interested*.

- ◆ Of those *very involved* in advocacy, 75% are “somewhat” or “very interested” in receiving in-depth training if SEA offered it. Of those *somewhat involved* in advocacy, 52% of them were somewhat or very interested in such a training. Less than half or 40% of those who *do not engage* in advocacy were somewhat or very interested in training.
- ◆ Overall, 64 respondents were very or somewhat interested in training.

¹ The Johns Hopkins Nonprofit Listening Post Project surveyed a nationwide sample of 872 nonprofits in 2007 on advocacy activities. One of the key findings set forth in Communiqué No. 9, “Nonprofit America: A Force for Democracy?” was that generally speaking, “organizational size and age, receipt of public funds, board support, and knowledge of the law are positively correlated with involvement in policy and advocacy.” The Project’s website has the full report posted.

Readiness

One gauge of respondent members' readiness to engage in advocacy is the strength of their relationships with elected officials and other public or high-visibility champions for their organizations' work. Almost half or 46% of the total respondents said they had a public champion for their work, while 40% said they had strong relationships with elected officials.

Of the 67 respondents who have public champions, 43 of those also had strong relationships with elected officials, while 24 did not. The other types of public champions besides elected officials included foundation representatives, nonprofit and public customers, nonprofit organizations, and businesses.

Of the 59 respondents who have strong relationships with elected officials at some level, 43 of those also had public champions, while 16 did not. Of the 59 respondents, 35 were able and willing to provide more information on their contacts. (Sometimes there were references to multiple types of officials, like "city council members" which made a definitive count impossible.) There were approximately 36 federal officials mentioned, 22 state officials, and 20 plus local officials. Of the U.S. Senators and Representatives mentioned, they collectively represented 14 states: AL, CA, ID, IL, MD, MN, NH, NJ, NM, NY, OH, VA, VT, and WA.

Based on the states in the U.S. where respondents are headquartered, another 20 states represent opportunities for building a federal advocacy network covering a total of 34 states.

Potential Implications for the Policy Agenda

Shaping policies that affect social enterprise

There are many opportunities at both the state and federal levels to help promote the growth of social enterprise. At the state level, we have already seen the adoption by several states of low-profit limited liability corporation forms of doing business. Other corporate forms that recognize social mission-driven organizations may also necessitate adding new provisions to state law, both to corporate formation codes and to tax codes. Complimentary changes to federal law may also be required to create ease in growing social enterprises that are not typical nonprofits.

Replication of successful programs across state lines through the generation of state and local funding also seems possible. SEA's members collectively create a "learning lab" of cases that can be used to improve societal conditions locally, nationally, and internationally. The growth of state and national offices of social enterprise or social innovation could contribute to this cross-fertilization.

Benefiting from the Administration's priorities

Those nonprofits who are focused on the Obama Administration priorities of poverty alleviation (jobs, community development, housing), education, health, and energy are in the best position to assert they are working in areas of intractable social problems or difficult social challenges. Those with mature case studies which demonstrate successful outcomes and results are most ready to build a case that a program or enterprise could be replicated in other areas with additional funding. Of that group, those who could absorb at least \$100,000 and provide matching funds may become viable candidates for the new Social Innovation Fund competitive grants. See Appendix ____