

# Social Entrepreneurship

Social Entrepreneurs I Have Known  
(And Liked!)





# Social Entrepreneurship Defined

- Social entrepreneurs combine business principles with the passion for a social mission to make a positive contribution and build healthy communities.
- Social entrepreneurs are “*transformative forces*: people with new ideas to address major problems.” – David Bornstein
- Social entrepreneurs see opportunities and boldly capitalize on them in new and innovative ways!
- Social entrepreneurship is not just a fundraising tool, or a path to “self-sufficiency” or “sustainability,” but also a strategic, organizational approach to maximizing social impact.

# Arthur Morgan of Antioch: A Continuing Legacy

First Social Entrepreneur in Academia





# Arthur Morgan and Industrial Education

- Arthur Morgan, upon assuming the Presidency of Antioch College in 1920, developed a program he called industrial education, based on teaching students to be entrepreneurial. It was a program that combined the vocational with the liberal arts curriculum.
- The cooperative work-study program, adopted in 1921, was developed to better achieve Horace Mann's goals.
- But it also recognized the changing American scene from an agrarian to an industrial democracy



# Arthur Morgan's View of Business

- "My picture of American business is not of choice between big business and little business, but of normal distribution, just as there is normal distribution between large and small in a primeval hardwood forest. Let that which is most effective if big remain big, that which is most effective if middle-sized remain middle-sized, and that which is most effective if small remain small; each respecting the functions of the other."

*Arthur E. Morgan*



# Morgan's Relation of Entrepreneurship and Education

- Both to help provide suitable jobs for students and to find support for the College outside of endowment and the gifts of friends-and also perhaps to weld the College... into the vocational-liberal whole which he desired - Mr. Morgan planned to establish a group of small industries on the Antioch campus...in a building to be erected by the College and with accounting and other services furnished...
- The relation of this whole scheme to Mr. Morgan's larger goal, the speeding up of social evolution is clear. Small proprietors ...could create [their] own small world of better business practices and finer living. Each man and woman could...become a center of regeneration in community living...Higher education had often condemned...the world's practices but had been unable to change them. The point of the Antioch experiment was to produce men and women who could be practical agents of change."

*Antioch College: Its Design for Liberal Education*  
*Algo D. Henderson (1946)*



# Industrial Education and Its Impact On Antioch and Yellow Springs

- Co-op Job Program
- Business Administration Program
- Science Building & Technology Classes
- Community Governance
- Community Development
- New Faculty Housing
- Small Business Start-ups: *Vernay Labs, YS Instruments, Bean Foundry, Nosker Engineering, Velsey Co, Antioch Bookplate, Antioch Press, Mazzolini Art Foundry, Metcalf Stained Glass, Vie Design, Axel Bahnsen Photography, et al*



# Why New Industries Came to YSO

“By and large what has attracted outsiders to start their little industries in the village is its general atmosphere. They like its variety of outlooks and interests...the old time neighborly friendliness...The securing and developing of community industries is not just a matter of getting factories located...It means building a total life and environment in which interesting and competent people will like to participate in [and] feel that they are not just cogs in a machine but...associates in an undertaking they can hold in high regard.”

“In Yellow Springs this has expressed itself in employee ownership, representation on boards of directors, profit sharing, absence of discrimination, and [etc.]”

“Antioch has sponsored or incubated ...activities...which add variety to the community...and its attractiveness as a place to live and work”

*Arthur Morgan, Industries for Small Communities, 1953*





# Morgan after Antioch

- Arthur Morgan was appointed the first chairman of the Tennessee Valley Authority by Franklin D. Roosevelt in 1936.
- While there he built the new town of Norris, TN and helped develop a locally based ceramics industry in the Tennessee Valley.
- In his “retirement” Morgan was involved in rural development activities in India and founded “Community Service, Inc.” in 1940, an organization that champions small, sustainable communities.

# Jed Emerson and the Roberts Foundation

How the young executive director of a youth agency  
helped develop a new form of philanthropy





# Jed Emerson and George Roberts

- In the late 1980s, George and Leanne Roberts started the Roberts Foundation to assist nonprofit organizations in Northern California
- 1989 - 1996, Jed Emerson served as Director of the Homeless Economic Development Fund of The Roberts Foundation.
- The HEDF worked with a variety of nonprofit organizations in the Bay Area to expand economic opportunity for homeless people through the creation of small businesses and related strategies.
- Over a period of seven years, HEDF made grants in excess of six million dollars to more than forty nonprofit organizations in the San Francisco Bay Area.



# Jed Emerson and REDF

- Roberts Enterprise Development Fund (REDF) was co-founded by Jed in 1997 as a venture philanthropy fund that works with a portfolio of social purpose enterprise organizations employing very low-income and homeless individuals in market-based business ventures.
- Assistance includes providing financing, building organizational infrastructure, and several forms of strategic business development counsel.
- Jed was executive director and president of REDF from 1997 to 2000.
- Jed developed and wrote extensively about the application of Social Return on Investment frameworks for valuing non-financial investor returns.



# Jed Emerson and Blended Value

- <http://www.blendedvalue.org/>
- What the Blended Value Proposition states is that all organizations, whether for-profit or not, create value that consists of economic, social and environmental value components- and that investors (whether market-rate, charitable or some mix of the two) simultaneously generate all three forms of value through providing capital to organizations.



# Areas of Blended Value

- By leveraging knowledge and work across the various areas of activity the potential of blended value can be fully realized.
- Five key areas in which both investors and organizations are working to maximize blended value.
  - Corporate Social Responsibility
  - Social Enterprise
  - Social Investing
  - Strategic/Effective Philanthropy
  - Sustainable Development

# Michael Shuman & Community Enterprise

How new community enterprises can help revive the  
local economy





# Michael Shuman and Going Local

- 1. *Import Substitution*—Increase the share of the local economy based on local production for local use
- 2. *Community Corporations*—Replace corporate absentee ownership with local ownership and community control of investment
- 3. *Power, Not Pork*—Demand general revenue sharing from the federal government, not more dependence-creating federal grants programs.





# Shuman's Focus on "Basic Needs" Industries

- Basic Needs Industries are import-substituting industries:
  - Energy- and water-efficiency service companies
  - Urban farms
  - Food processors
  - Materials and recycling industries
  - Biorefineries
    - Biorefineries are ecological, clean, renewable, biodegradable chemical factories based on locally grown agricultural feedstocks.



# Michael Shuman & the Community Corporation

- Half of business in this country (by output and jobs) is small.
- But nearly all pension and mutual fund monies (and much of the bond market) support large, non-local business.
- To “protect the little guy” Securities Law basically knocks all but 1% of the American public out of financing new, community-scale enterprises.
- States award billions in tax credits to big corporations to locate there or stay there.
- Those same billions could jumpstart thousands of local businesses.



# Other Benefits of Locally Owned Businesses

- Long term wealth generators
- Usually more environmentally friendly
- Will not move to Malaysia next week
- Requires less investment and return than corporate businesses
- Usually won't demand as many concessions from labor



# Impacts of Going Local

- Limit everyone's ability to buy a share in a "risky" new venture to \$100.
- Sell stock to local residents in community owned stock corporations
- Award a tax credit for anyone who reinvests retirement funds locally – as the Canadians do now.
- Results?
  - Tens of thousands of new enterprises, rooted in community capital, would get off the ground.
  - There would be a multiplier effect from wealth staying and recirculating in the local communities.
  - Stock markets of local and state securities would begin to form.
  - Venture and hedge funds specializing in small stocks would take off.
  - Pension funds and mutual would begin to reinvest locally.

# Judy Wicks and the Local Economy Movement

How buying locally can help the local economy





# The White Dog Café and Sustainability

- All seasonal produce comes from local family farms.
- All meat and poultry is humanely raised.
- Seafood is sourced from sustainable fisheries
- Sister business Black Cat Store sells local and Third World co-op crafts.
- White Dog Enterprises employs 100 with \$5 million annual gross revenues.



# Judy Wicks and the White Dog Cafe

- The White Dog Café has a four part mission:
  - serving customers
  - community
  - employees
  - the natural environment



# Judy Wicks and Community Stories

- Table Talks on current events at 6pm include a three course dinner, followed by a speaker and discussion from 7:30-9pm.
- Real Stories by Real People. À la carte dinner at 6pm. Storytelling at 7:30pm.
- Breakfast Talk, Wednesdays at 8:00 am.
- Sunday Night Film Series





# Judy Wicks and The White Dog Café Foundation

- The White Dog Café Foundation is funded by 20% of White Dog Cafe profits, contributions from customers, foundation grants and income from their farm stand and events.
- The two major projects are Fair Food and the Sustainable Business Network of Greater Philadelphia (SBN).
- Fair Food helps connect consumers to local food sources.
- SBN is a BALLE affiliate and promotes local businesses while offering various kinds of marketing assistance.
- Other projects have helped other local green businesses get established.



# Judy Wicks and BALLE

- The Business Alliance for Local Living Economies (BALLE) was born at the Fall 2001 [Social Venture Network](#) conference.
- Judy Wicks and Laury Hammel founded BALLE with a group of entrepreneurs, investors, economists, and authors in response to the effects of globalization on increasing wealth inequalities and worsening environmental destruction of our planet.

# Jim McClurg: Social Entrepreneur

Developer of Multiple Social Enterprises





# Jim McClurg and Northwest Center

- CEO of Northwest Center Industries (NCI) in Seattle from 1975 to 1999, Jim transformed a small nonprofit corporation into the largest disability program of its kind in the state.
- Jim now serves as a Partner in the Social Enterprise Alliance. He's the liaison between the Social Enterprise Alliance and the community of nonprofit practitioners from his base in Seattle.



# Northwest Center: The Transformation

- Northwest Center is a Community Rehabilitation Program in Seattle founded in 1965 by families of children with disabilities who wanted their children to have access to education, training and employment.
- Jim McClurg, their CEO for almost 25 years launched a string of social enterprises including a recycled clothing business, a commercial laundry, a document shredding business, a janitorial business, and a food service business.



# Northwest Center and NISH

- NISH, formerly the National Industries for the Severely Handicapped, is a national nonprofit agency designated by the Committee for Purchase From People Who Are Blind Or Severely Disabled to provide technical assistance to Community Rehabilitation Programs (CRP's) interested in obtaining federal contracts under the Javits-Wagner-O'Day Act (JWOD) Program.
- Northwest Center's laundry, janitorial and catering contracts were brokered with federal agencies through NISH.

# Social Entrepreneurship: An Emerging Movement

Its Roots and Impetus





# Right to a Decent Quality of Life

- “We believe that all persons should have their ‘basic human needs’ fulfilled, regardless of class, gender, race, ethnicity, citizenship, religion, age, sexual orientation, disability, or health.
- This includes the eradication of poverty, the establishment of sound environmental policy, and equality of opportunity for healthy personal and social development. “

*Green Party Statement of Purpose*





# Social Justice and Economic Opportunity

- “We must create full employment or we must create incomes. People must be made consumers by one method or the other. Once they are placed in this position, we need to be concerned that the potential of the individual is not wasted. New forms of work that enhance the social good will have to be devised for those for whom traditional jobs are not available.”

*Martin Luther King, 1967*

- “You could pass a law to permit a Negro to eat at Howard Johnson's restaurant or stay at the Hilton Hotel. But you can't pass a law that gives him enough money [to do so].”

*Robert F. Kennedy, 1964*

- “The world cannot exist half prosperous and half in starvation.”

*Arthur Morgan, c. 1920*

- “Social Entrepreneurship is about the ‘balance sheet of the heart’ ”

*George W. Bush, 2005*



# The Social Enterprise

- Social enterprises combine a community mission with earned income and sustainable operating and financial practices.
- Social enterprises are businesses that reinforce the local economy by keeping more income and jobs within the community.
- Social enterprises may be developed by nonprofit organizations or by individual entrepreneurs.



# “Mutant Managers”

- A new generation of community leaders is needed to run social enterprises, “**mutant managers**” who can blend the skills needed to successfully run a business with the empathy and general knowledge to successfully pursue a community mission. The college and university have a role to play in their training.



# The Venture Philanthropy Movement

The **venture philanthropy movement**, spearheaded by organizations like

**Social Venture Partners** <http://www.svpseattle.org/>,  
<http://www.svpintl.org/>,

**Social Venture Network**, <http://www.svn.org/>,  
**Roberts Foundation**, [www.redf.org/](http://www.redf.org/),

is about **investing** in activities that support and meaningfully change the community.



# The Local Economy Movement

- Arthur Morgan believed that creating entrepreneurial, community minded small businesses would help revitalize the small communities of America.
- The present day **local economy movement**, spearheaded by organizations like **BALLE** <http://www.livingeconomies.org>, and **AMIBA** <http://amiba.net>, is dedicated to:
  - \* **Establishing and revitalizing small local businesses.**
  - \* **Structuring business ownership for community accountability.**