



Miller Center
for Social Entrepreneurship

GSBI[®]

Social Enterprise Stage Assessment Tool



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About this Document

This document is a first release version of a tool that the Global Social Benefit Institute (GSBI®) is developing for its own programs and to share with the global social enterprise community. We are making it available publicly so that others can freely use, adapt, and share the content.

We solicit your comments about the tool and its potential applications in your work. Please direct your feedback to Andy Lieberman at alieberman@scu.edu

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About the Global Social Benefit Institute (GSBI®):

The GSBI is a hub for global innovation-based entrepreneurship in service to humanity. Housed in the [Miller Center for Social Entrepreneurship at Santa Clara University](#), it comprises several social enterprise capacity development programs in service to the university's mission to create a more just, humane, and sustainable world. Over the past 12 years, over 360 enterprises have completed GSBI programs in more than 60 countries to the direct benefit of over 100 million people. Regular impact assessments of participating entrepreneurs demonstrate that they have raised over US\$100 million in funding after completing a GSBI program.

About the Miller Center for Social Entrepreneurship

Founded in 1997, the Miller Center for Social Entrepreneurship is one of three Centers of Distinction at Santa Clara University. The Miller Center accelerates global, innovation-based entrepreneurship in service to humanity. Its strategic focus is on poverty eradication through its three areas of work: The Global Social Benefit Institute, Impact Capital, and Education and Action Research. To learn more about the Center or any of its social entrepreneurship programs, please visit www.scu.edu/MillerCenter.

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Introduction

GSBI Social Enterprise Stage Assessment Tool

The GSBI Social Enterprise Stage Assessment Tool is designed to guide the development of a social enterprise from conception to full-scale implementation. It has four intended uses:

- 1. Designing methodology and content for social enterprise accelerator programs
- 2. Mentoring of social enterprises
- 3. Benchmarking social enterprises to track their progress over time
- 4. Selecting social enterprises for awards and accelerator programs

The social enterprise lifecycle is described by four stages – *Blueprint, Validate, Prepare, and Scale* – building on the work done by the Monitor Group in 2012 in their landmark report, [*From Blueprint to Scale: The Case for Philanthropy in Impact Investing*](#). This report articulates the four stages as follows:

Blueprint: *Developing the blueprint for the future business*

Validate: *Testing and refining the business model*

Prepare: *Enhancing the conditions required for scaling*

Scale: *Rolling out the model to reach large numbers of customers and/or suppliers*



The stage distinction is useful because it acknowledges that enterprises at each stage will have common characteristics and have different needs, including different capital requirements, than enterprises at other stages.

This GSBI Social Enterprise Stage Assessment Tool builds on these definitions by providing a next level of detail that describes the characteristics of enterprises at each stage. This characterization allows social entrepreneurs and those working with them to identify and address gaps in the enterprise’s development as they create a business plan and seek investment to reach the next stage of growth.

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The following pages list what GSBI considers to be the *exit criteria* for a social enterprise in each stage. In other words, until a business can show proof points for most of the characteristics at a given stage, then it can be considered to be *in* that stage. Once the criteria have been met, then the business will have moved to the next stage and turned its focus to the next set of criteria. Clearly, organizations grow and mature in an asynchronous manner, so that any given social enterprise will be further along in some areas while being behind in others. But, the criteria lists draw on GSBI's experience and vantage point to lay out a common framework.

This assessment serves the enterprise in two key aspects. First, it calls out gaps in the enterprise's growth, which will enable them to create strategies to close those gaps. Second, by helping the enterprise become more self-aware of its stage, it can better focus on seeking potential investors and capacity development programs appropriate for their stage.

Future releases of this tool will include additional content, such as:

- More detailed definitions of each characteristic
- Evaluation checklists that orient entrepreneurs, mentors, and accelerators to the proof points that make each characteristic compelling and credible
- Practical examples from model enterprises that can be used as templates

Stage 1: Blueprint

At this stage, the enterprise will be focused on creating a blueprint for the business.

Impact Model

- Mission statement
- Problem statement based on beneficiary inputs (desired social impact)
- Description of product/service
- Value proposition that describes how product/service impacts beneficiary and is differentiated from existing solutions
- Data from trials showing evidence of successful solution (quantitative, qualitative, and case studies)

Operations Model

- Cost and revenue structure (unit economics)
- Value chain
- Key performance indicators (impact metrics, operations, business model, marketing and sales, financial, organizational growth)
- Operating plan (goals, activities, resources, including milestones for reaching next stage of growth)
- One-year operating budget (cash flow projection) with monthly detail
- Basic financial tools (e.g. simple spreadsheets) to track revenue and expenses
- Infrastructure in place for product / service delivery, support, data collection, and management

Marketing & Sales

- Target market segmentation (size, characteristics, reason for adoption, reason for non-adoption)
- Value proposition for each target market segment
- Customer acquisition strategy
- Distribution plan (channels)

Management & Team

- Founding team committed to launching enterprise
- Job descriptions created to identify key personnel for current operations and next stage of growth
- Potential board members identified

Financial Management & Growth Plan

- Financial history since inception of enterprise

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- Three-year financial projections
- Financial ask to get to the next stage of growth (investment amount, type of capital, intended use of funds, return on investment, and expected impact)
- Plan for raising required investment
- Legal structure in place that supports current operations model

Stage 2: Validate

At this stage, the enterprise will be testing and refining its business model.

Impact Model

- Metrics provide proof that impact model has intended social impact
- Evidence that early adopters acknowledge beneficial value of product/service

Operations Model

- Proof that the cost/revenue structure works at the unit level
- Key operational metrics tracked and assessed
- Operational plan and budget for current year defines how current capacity will deliver product/service
- Strategic plan in place that includes milestones for reaching next stage of growth, but being revised as needed
- Process manuals in place for daily ground-level operations, but being revised as needed

Marketing & Sales

- Target segments identified and profiled
- Initial marketing and sales channels established
- Evidence that beneficiaries are willing to use or pay (as appropriate) for the product / service
- Competitive analysis indicates potential to market to identified segments
- Formalized feedback from beta beneficiaries through observation, surveys, focus groups, etc.

Management & Team

- Start-up team in place that is capable of running the enterprise and leading the next stage of growth
- Evidence that critical operational positions can be sustained by available workforce
- Board composition and roles identified. Board development strategy created. (Start-up board in place if required.)

Financial Management & Growth Plan

- Financial statements that document investments, revenue, and expenses to date
- One-year operations projection with monthly detail
- 3-year projections based on impact to date and acquiring required funding for next stage of scaling
- Financial ask to get to the next stage of growth with rationale for investment
- Legally incorporated and able to receive revenue and investments as appropriate

Stage 3: Prepare

At this stage, the enterprise is preparing to scale a validated product/service and business model.

Impact Model

- Defined set of impact metrics that are tracked regularly
- Documented evidence that the product/service provides intended social impact
- Documented evidence that product/service has more beneficial value when compared to alternatives

Operations Model

- Multi-year strategic plan in place that includes milestones for scaling
- Formalized one-year operational plan that is aligned to the strategic plan
- Process in place for ongoing tracking and assessment of key operational metrics
- Structured operations reviews held regularly, leading to the establishment of strategic initiatives
- Simplified operations model that can be implemented by local talent
- Process manuals address all operational functions
- Organizational systems and support needed for scaling documented
- Quality assurance mechanisms in place
- Strategy in place to address identified risks to eliminate or minimize impact on operations

Marketing & Sales

- Strong customer awareness and evidence of demand documented
- Marketing and sales strategy based on market analysis data

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- Marketing plan that leverages key market conditions for growth and expansion
- Distribution channels are capable of serving all identified market segments
- Marketing, sales, and distribution metrics prove potential for serving identified market segments
- Clear evidence of differentiation and competitive advantage
- Formalized feedback from beneficiaries in target segments
- All components are in place to deliver whole product / service to identified market segments

Management & Team

- All critical management team members are in place and have demonstrated experience in managing enterprise growth in their respective area of responsibility
- Operational positions defined to meet the skill levels of available workforce. Hiring and training processes in place
- All board positions filled and operational

Financial Management & Growth Plan

- Financial model for scaling that documents cost and revenue at unit level and documents path to financial sustainability for the overall organization
- Financial accounting processes and data systems formalized, with ability to generate reports as needed
- One-year operations projection with monthly detail.
- Three-year financial projections
- Investment requirements (including financial ask, capitalization table, ROI analysis) to get to the next stage of growth
- All legal structures in place and ready for scaling: incorporation, accountability, and fiscal oversight
- Scenario analysis
- Strategy in place to address identified risks to eliminate or minimize impact on financing
- Mitigation strategies (including support network) in place to deal with existing and potential risks

Stage 4: Scale

At this stage, the enterprise is expanding to serve new beneficiaries within current geographies, serve existing beneficiaries with additional products / services, and/or expand to new geographies.

Impact Model

- Formalized evidence that the product/service will provide intended social impact beyond current market segments
- Analysis of existing metrics is used to support the inclusion of new markets
- Formalized evidence of beneficial value supports the inclusion of new markets

Operations Model

- Operational metrics showing consistent growth
- Multi-year strategic plan in place that includes milestones for scaling
- Formalized one-year operational plan that is aligned to the strategic plan
- Structured operations reviews held regularly, leading to the establishment of strategic initiatives
- Formalized evidence that unit economics support the inclusion of new markets
- Capacity to deliver product/service can be increased based upon need and demand
- Formalized processes in place for continual improvement of documentation and training to meet the needs of a growing organization
- Infrastructure upgraded to support scaling with continual review of ICT needs and adoption of appropriate solutions
- Potential risks being identified and strategies developed to mitigate them, such as lobbying, alliance building, policy creation, and other forms of active engagement

Marketing & Sales

- Product / service roadmap based upon evidence of demand and impact
- Mechanisms are in place to update whole product / service offering as marketing and sales strategy is refined
- Processes in place for ongoing analysis to identify new potential markets
- Processes in place for ongoing awareness of emerging competitive products / services that lead to refinement of marketing and sales strategy
- Processes in place for capturing beneficiary feedback and using it to revise marketing and sales strategy as needed

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- Mechanisms in place to readily expand distribution channels as new markets are identified
- Marketing, sales, and distribution metrics are updated regularly and used to support the refinement of marketing and sales strategy

Management & Team

- Mechanisms in place for management development and retention and for replacing or adding management team members due to attrition and growth
- Ongoing hiring, training, and retention processes in place to meet anticipated workforce growth
- Mechanisms in place for board development, replacement, and growth. Board fulfills duties by providing organizational oversight and fundraising
- Founder succession plan in place

Financial Management & Growth Plan

- Financial accounting systems flexible enough to support ongoing growth of organization
- Financial data is analyzed continuously in order to support decision-making throughout the organization
- One-year operations projection with monthly detail
- Three-year financial projections
- Financial ask for entering new markets and for extending product / service offering with rationale for investment
- Potential risks being identified and strategies developed to mitigate them to ensure funding stability
- Mechanisms in place for expanding legal structures to operate in new markets (e.g., new countries)
- Mechanisms in place for ongoing assessment of potential risks and refinement of mitigation strategies