

# Social Enterprise Incubation Program



## The Challenge

Community development corporations (CDCs) exist to empower and uplift their communities. CDC activities include community economic development, affordable housing, financial empowerment, community engagement, and local food access. Though important and effective, these place-based nonprofits tend to offer many services, making them mission-driven organizations. Ideally, these organizations would focus all of their time on fulfilling their mission, but instead they must adapt to the new reality of decreased government funding and decreased charitable giving for nonprofit community development organizations. Thus more of their time is spent fundraising rather than pursuing their mission and serving the families in their neighborhood's footprint.



## The Solution

Community development organizations need access to resources that help them create sustainable social enterprises that help them achieve their mission while becoming financially stable.

OCDCA has seen exceptional results with social enterprise technical assistance and training thus far. Between February and April 2016, 18 individuals from OCDCA membership attended the three day Tony Wells Foundation Social Impact Investing Executive Education Program, many with scholarships provided by OCDCA. On average, these members saw a 103% increase in topic knowledge from the training's pre- and post-test, outperforming non-OCDCA members. Early indicators from these trainings note that, as of July 2016, these members are implementing the knowledge gained, whether through seeking bridge loans, creating business plans, or hiring staff to manage new social enterprise projects.

# Social Enterprise Incubation Program

The Social Enterprise Incubation Program (SEIP) is an intensive four phase program consisting of rigorous training and tailored technical assistance for OCDCA members while they create their own social enterprise. This program culminates in a structured "shark tank" where the participating CDCs gain access to startup capital.

## Phase 1, Introduction Workshop

This first training provides an overview of social enterprises, including best practices, research regarding each attendee's organizational core competencies, business plan creation, and marketing. It is required that each participating CDC send two staff members to the workshop. Each participant completes a self-assessment to gauge their organization's readiness for running a social enterprise. Initiating any new program is not easy, but a social enterprise requires complete buy-in from the organization's stakeholders as well as a considerable amount of time, planning, and resources. Social enterprise is not for everyone and this self-assessment tool will help guide CDCs to make a realistic decision concerning their goals and ability to continue into the SEIP.



## Phase 2, Social Enterprise "Boot Camp"

In the month following the workshop, participants apply to enter the SEIP. It is required that an applicant organization must have had two staff members attend both workshops. This highly competitive process results in up to six organizations being selected to advance into the program. The selected CDCs then send two staff members to the SEIP's Boot Camp. The Boot Camp is a 3-day intensive training focused specifically on devising a specific social enterprise for their organization.

## Phase 3, Technical Assistance

This phase lasts between sixty days to one year, depending on the CDCs needs, during which the CDCs develop a business plan for their social enterprise with technical assistance from OCDCA. Phase 3 culminates in a "shark tank" showcase, where CDCs pitch their social enterprise plans to a room of potential investors. All participating organizations receive further feedback on their pitches and proposals after the showcase.

## Phase 4, Investment & Start Up

Participants begin to execute their business plan and are eligible to receive startup investments for their social enterprise in the form of enterprise loans, grants, or organizational operating support. Funded CDCs start their social enterprise with continued technical assistance support from subject experts and program support through the OCDCA AmeriCorps VISTA program. No more than two organizations reach this phase in each cohort.



## Goals

With an investment of at least \$75,000, the Social Enterprise Incubation Program can:



Engage 30+ CDC staff or board members in critically examining social enterprise viability at their organization



Challenge 12 CDC staff or board members in the SEIP's Boot Camp, where they gain critical skills in business planning for social enterprise endeavors



Provide customized and comprehensive technical assistance to three highly capable nonprofit CDCs in creating their social enterprise.



Jumpstart two social enterprises in Ohio through start-up capital, thus lessening these organization's needs for philanthropic dollars in the long-term.

## In Practice

Southeast Ohio faces many challenges with getting fresh, healthy food to its residents. Despite the relative abundance of farmland, acquiring fresh fruit and vegetables is difficult because of the region's remoteness from urban centers where most produce is sent. Distribution is not guaranteed to be profitable because of lower populations, so how does one attract a distribution network to the area?



In 2003, a newly retired couple, Jean and Marvin Konkle, worked to start a produce auction in Chesterhill after seeing the success that it had in Bainbridge, Ohio, as it allowed the local Mennonite community a convenient outlet for their produce production. The auction format has little overhead compared to a more typical market, and the spectacle of the event involves more of the surrounding communities. OCDCA member Rural Action and other local partners were instrumental to the success of the Chesterhill Produce Auction, which has operated now for well over a decade strong. Rural Action currently manages this food hub which simultaneously combats food access issues in southeast Ohio, strengthens the community ties, and bolsters financial sustainability for Rural Action.



While social enterprises can clearly work, they are, as with any business, not easy to do. According to a 2015 survey conducted by OCDCA, 74% of its members are interested in starting a social enterprise need training and technical assistance to do so. As the go-to training and capacity building entity for Ohio community development corporations, OCDCA is filling this need through the Social Enterprise Incubation Program.