



# CBS \_NON PROFIT SOCIAL ENTERPRISE STRATEGIES

## SOCIAL ENTERPRISE STRATEGIES FOR NONPROFIT ORGANIZATIONS

Nonprofit organizations are increasingly seeking innovative ways to diversify their funding streams and enhance their financial sustainability. Social enterprise strategies offer a powerful approach, enabling nonprofits to generate revenue while simultaneously advancing their mission. The following outlines various social enterprise strategies that nonprofit organizations can employ, along with explanations to aid in understanding and implementation.

### Social Enterprise Strategies:

- ▶ **Fee-for-Service Income Related to Mission Activities (e.g., program and service fees):** This is a core strategy where nonprofits charge fees for their programs and services, directly generating revenue from their mission-driven work (e.g., counseling fees, workshop fees).
- ▶ **Membership Fees:** Many nonprofits utilize membership models, where individuals or organizations pay regular fees for support and benefits like access to resources or voting rights.
- ▶ **Workshop/Training Fees:** Similar to fee-for-service, but focused specifically on educational offerings, nonprofits can conduct workshops or training sessions for a fee.
- ▶ **Sales of Publications/Research Materials:** Nonprofits that create publications or research reports can generate income by selling these materials.
- ▶ **Technical Assistance/Consulting Fees:** Nonprofits with specialized expertise can offer technical assistance or consulting services to other organizations.
- ▶ **Market Research Relationships Targeting Client Populations (e.g., focus groups, surveys, etc.):** Leveraging their community connections, nonprofits can conduct market research for others.
- ▶ **Employee Leasing Opportunities:** Nonprofits can lease their staff to other organizations on a temporary basis, generating income and providing staff with diverse experiences.
- ▶ **Public Speaking Fees:** Staff or leadership can earn income by providing public speaking services related to their expertise.
- ▶ **Auctions of Donated or Created Goods (including online possibilities):** Fundraising through auctions of donated items or goods made by the organization, enhanced by online platforms.
- ▶ **Partnership Dollars Derived Through Corporate Partnerships/Sponsorships:** Collaborating with corporations for funding through sponsorships and partnerships.



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- ▶ **Cause-Related Marketing:** Expanding on partnerships, this type of relationship involves collaborations where a company's sales/marketing is linked to the nonprofit's cause, integrating the cause into the company's business model.
- ▶ **Profits from Business Activities (either mission or non-mission related):**
  - **Start-ups:** Creating and operating a new business venture.
  - **Franchises:** Acquiring and operating a franchise.
  - **Acquisitions:** Purchasing an existing business.
- ▶ **Technology-Based Social Enterprises:** Utilizing technology for social impact and revenue, including:
  - **Software as a Service (SaaS):** Developing and selling software.
  - **E-commerce platforms:** Online marketplaces for specific goods.
  - **Mobile applications:** Apps for service delivery or community engagement.
- ▶ **Rental Income:** Generating income by renting out property owned by the nonprofit.
- ▶ **Community Development Corporations (CDCs) and Real Estate Development:** Nonprofits, especially CDCs, developing real estate for community benefit and income (e.g., affordable housing).
- ▶ **Sale of Hard Assets (e.g., buildings, property):** A one-time income source through the sale of assets like buildings or land.
- ▶ **Passive Investing in Entrepreneurial Ventures:** Investing in for-profit businesses that align with the mission.
- ▶ **Impact Investing (as an intermediary):** Acting as an intermediary to manage funds that invest in social enterprises.
- ▶ **Social Franchising:** Replicating successful programs or social enterprises through a franchising model to scale impact.
- ▶ **Circular Economy Initiatives:** Developing businesses that minimize waste and maximize resource use, such as upcycling or repair centers.
- ▶ **Social Purpose Corporations (with a nonprofit partner):** Collaborating with for-profit Social Purpose Corporations for funding, service delivery, or joint ventures.
- ▶ **Other?:** Acknowledging the potential for additional, innovative strategies.



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## Filtering Tools for Choosing Social Enterprise Strategies

Choosing the right social enterprise strategy is crucial for a nonprofit's success. Here are some "filtering tools" or criteria that nonprofits can use to evaluate and select the most appropriate options:

### Mission Alignment:

- Does the strategy directly support or complement the organization's mission?
- Will engaging in this activity enhance or detract from the organization's core purpose?

### Financial Viability:

- What is the potential for revenue generation?
- What are the start-up and ongoing costs associated with the strategy?
- What is the projected return on investment (ROI)?
- What are the financial risks involved?

### Market Analysis:

- Is there a demand for the product or service?
- Who are the potential customers or clients?
- What is the competitive landscape?
- What are the market trends?

### Organizational Capacity:

- Does the organization have the necessary skills, expertise, and resources to implement the strategy?
- Will we need to hire new staff or train existing staff?
- Does the organization have the infrastructure and systems to support the venture?

### Legal and Ethical Considerations:

- Are there any legal or regulatory restrictions on the proposed activity?
- Does the strategy align with the organization's ethical values?
- Will it create any conflicts of interest?
- Will it jeopardize the organization's tax-exempt status?

## Risk Assessment:

- What are the potential risks associated with the strategy (financial, reputational, operational)?
- What are the contingency plans to mitigate those risks?

## Community Impact:

- How will the strategy affect the community the organization serves?
- Will it create positive social change?
- Will it have any unintended negative consequences?

## Sustainability:

- Is the strategy sustainable in the long term?
- Will it generate a consistent revenue stream?
- Is it resilient to economic fluctuations or changes in the environment?

It's important for nonprofits to carefully evaluate each strategy based on these filtering tools. This thoughtful approach will help ensure the selection of the most appropriate and effective social enterprise ventures.

