

INDIANAPOLIS AND SOCIAL ENTREPRENEURSHIP

An Examination and Recommendations for the Future



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THIS IS THE FIRST STEP TOWARD BUILDING A SOCIAL ENTREPRENEUR NETWORK.

Five years ago, Achieve was writing about the start of a new era of social enterprise and entrepreneurial spirit – and what it would take for the business sector to integrate a rising generation of change makers into its work. Today, social entrepreneurship is becoming “the standard around which all future businesses will be built.”¹

Is Central Indiana poised to integrate today’s innovators and social entrepreneurs into the fabric of the area’s business sectors and economy? While the area’s universities offer classes and certificates in social entrepreneurship, can these students find needed support when they graduate ready to create a social enterprise?

Indiana’s economy is expected to grow faster than the nation’s in 2018, according to a report released by Indiana University.² Are Central Indiana’s business leaders and traditional institutions willing to create an environment conducive to inspiration and success for these new change makers? Or will we watch them leave for more advantageous areas of the country in which to create their exciting, important and clearly necessary endeavors?

Today’s social issues need everyone, and the entrepreneurs who are experimenting with new ways to serve them and resolve the world’s ills need and deserve our support. Even the most energetic and brilliant social entrepreneur needs a network of supporters, mentors and contacts to succeed.

Their success is the success of the citizens of Indiana and the world. Do we have the will to truly do what it takes to secure it?



Derrick Feldmann

President, Achieve

1 <http://www.genfkd.org/social-entrepreneurship-will-define-economic-future>

2 <https://www.indystar.com/story/money/2017/11/02/economic-forecast-indiana-economy-grow-faster-than-u-s-2018/821751001/>; Ryan M. Brewer, associate professor of finance at Indiana University-Purdue University Columbus, forecast author.

INTRODUCTION

Two years ago, Women's Fund of Central Indiana went looking for a way to help emerging women move from poverty to a lifetime of economic security. As they share on a current website video, "We found nothing." They couldn't turn to a network of local social entrepreneurs because one did not exist. The Women's Fund formed the Next Initiative, an atmosphere in which social entrepreneurs could take problems and turn them "into solutions for society."

Now, champions of social entrepreneurship such as Taft Law are leading discussions around such new business concepts as benefit corporations and impact investing to turn Central Indiana into a hub for this emerging sector.

Earlier this year, Taft approached Achieve's researchers to take the first step toward understanding social entrepreneurship specifically in Central Indiana. Our goals were to begin to explore the state of social entrepreneurship in the region and consider what is needed to attract and support social entrepreneurs, then capture and store these profiles by encouraging social entrepreneurs to visit a simple website. With this downloadable data, researchers could perform qualitative interviews to expand and enrich the profiles of local social entrepreneurs.

Our goals were to begin to explore the state of social entrepreneurship in the region and what it takes to attract and support social entrepreneurs.

What we have revealed to date is the tip of an iceberg, but it's enough to take the next step toward establishing a thriving community of social enterprises and emboldening its leaders with more confidence than ever before.

Research Goals and Methodology

The key research questions that guided this investigation were:

- What is the climate of Indianapolis' social entrepreneurship community?
- Who are the social entrepreneurs in Central Indiana (with a focus on individuals with socially and environmentally innovative ideas)?
- What resources are necessary and/or should be in place to cultivate a culture of social entrepreneurship in Central Indiana?

The first step in any research is to gather data to ultimately ensure a shared understanding of the topic. Only then can we establish who is a social entrepreneur, what is a social enterprise, and by what criteria investors and supporters can identify individuals and entities initiating social innovation. In the end, this benchmark will serve as a focal point for further discussions, planning, criteria and measurement related to social entrepreneurship.

Researchers defined Central Indiana as Marion County (home to Indianapolis) and the surrounding counties (Hamilton, Hancock, Hendricks, Johnson, Madison, Morgan and Shelby).

Developing a Benchmark Survey for Future Use

Achieve created two custom quantitative instruments (surveys) to investigate social entrepreneurship in Central Indiana. For purposes of this pilot study, these were disseminated to:

1. individuals who likely consider themselves social entrepreneurs (Social Entrepreneur Survey), and
2. community members who may be working or have worked with social entrepreneurs and enterprises or are planning to do so in the near future (Community Member Survey).

Agreeing on a Definition for Future Analysis

Scholars, consultants, entrepreneurs and professional organizations have debated the definition of “social enterprise” for several decades, yet still no commonly accepted definition exists. Since a shared understanding of a topic is vital to any discussion about those that lead these entities, the Achieve team layered a literature review with their own experience in the philanthropic sector and developed a working definition for social enterprise to serve as a benchmark for discussions about social entrepreneurship in Central Indiana:

“A social enterprise is an organization (or venture within an organization) that adopts a mission to produce goods or services to both generate a profit and benefit and improve society.”
- Benchmark definition for Central Indiana

The Achieve research team developed this definition based on the following:

“An organization (or venture within an organization)” – A social enterprise can be its own entity with its own operations, business plan, etc. (“an organization”). Or, it can exist under the umbrella of another entity, either a nonprofit or for-profit (“venture within an organization”).

“that adopts a mission” and *“benefit and improve society”* – A social enterprise is required to have a social impact and measurable outcome, explicitly or implicitly stated in the mission, that aims to correct a societal wrong.

“to produce goods or services to both generate a profit” – A social enterprise exists 1) to create revenue for a positive bottom line to keep the entity solvent and 2) to produce a good or service whose purpose is to solve or contribute funds toward correcting a societal wrong. The fact that an entity uses part of its revenue for social impact (or that it donates revenue to a cause or its employees volunteer regularly) does not automatically make the entity a social enterprise or its founder a social entrepreneur. The primary purpose of the good and/or service produced *must itself* be to solve a social problem.

While the criteria for a social enterprise is not definitive, sources do agree that a social enterprise is never simply a for-profit or nonprofit entity, but somewhere in between. However, though a social enterprise can be a hybrid, not all hybrid organizations are social enterprises.³

“Because we live in a change maker world, everyone must be an effective and confident change maker.”⁴

Those words from Ashoka U.S. encapsulate what our initial research shows: All of us in Central Indiana who want and support change must work together to create the environment within which social entrepreneurs have what they need to solve society’s problems.

Social entrepreneurship may allow business people to live out their passion for doing good – but the network of support for doing so is still in the earliest stages of development. While traditional entrepreneurs (and, frankly, most of the rest of us) have access to a network of resources, mentors and partners, social entrepreneurs typically must find them on their own. A resilient social entrepreneurship ecosystem is particularly important for historically unsupported groups, such as female and minority entrepreneurs.

If you want to see social entrepreneurship grow in Central Indiana, it’s time to become a change maker.

³ <http://www.4lenses.org/setypology>

⁴ <https://www.ashoka.org/en/about-ashoka>.

Creating a Research-Based Social Enterprise Typology

Researchers asked community members to name organizations in Central Indiana they viewed as social enterprises. Researchers then categorized them according to the spectrum developed by Kim Alter in *Social Enterprise Typology*.⁵

← Mission				Profit →	
Traditional Nonprofit	Nonprofit with Income-Generating Activities	Social Enterprise	Social Business	Corporation Practicing Social Responsibility	Traditional For-Profit
Indiana Blood Bank	Habitat Restore	RecycleForce	9 Lives Cat Café	Sun King	The Hatch
Mind Trust	INHP	Farm 360	Indy Reads Books		GivingSpring
Prosperity Indiana	John H. Boner Center	Purposeful Designs	Pogue's Run		Realized Worth
	Global Gifts	Better World Books	Endangered Species		
		Goodwill Industries			
		Bosma			

On the left side of the chart are organizations focused on social impact with a mission motive; on the right are those focused on profit with a profit-making motive. An entity (whether for-profit or nonprofit) moves toward the center as it creates dual value – social and economic – that's driven by desired long-term social change.

Definitions⁶ used to decide categories (see tables, above):

- › **Social Enterprise:** Achieve defines social enterprise as an organization (or venture within an organization) that adopts a mission to produce goods or services to both generate a profit and benefit and improve society.
- › **Social Business:** a business that addresses a societal issue, but in doing so does not try to cure or solve the issue. For example, a cat café addresses animal adoption, but it's not trying to solve the issue of animal overpopulation as a spay/neuter clinic is. Another example: Indy Reads Books generates a profit by addressing literacy, then it gives the money to a nonprofit that's teaching people to read.
- › **Corporate Social Responsibility:** includes initiatives and programs that are designed to fulfill an ethical obligation to some party, such as the local community or the environment, rather than simply to increase profits.

Development Corporations

NEAR
King Park and Build Fund
Mapleton
Hamilton County
SEND

Certified B Corps

American College of Education
Bohlsen Group
FairWinds Advisors

⁵ <http://www.4lenses.org/setypology>

⁶ Definitions are based on the Wharton School at the University of Pennsylvania and Achieve's research.

Social Entrepreneurs Layer 'Helping Others' Over 'Searching for Change' in Defining What They Do

Some who don't make a profit view themselves as social but not traditional entrepreneurs

Achieve developed and disseminated two surveys for this pilot exploration of social entrepreneurship in Central Indiana, the first of which was targeted at people who were likely to consider themselves a social entrepreneur. Identifying individuals to receive this survey proved difficult. As Central Indiana has no index of social entrepreneurship, researchers relied on a list of contacts from existing networks and stakeholder groups within the region.

The team wanted to identify how and why these individuals identified themselves as social entrepreneurs, then distill their responses to those criteria that were most common.

To first benchmark respondents' most basic understanding of entrepreneurship in general, researchers asked respondents to select which of various industry definitions most closely aligned with their own.

Change and risk dominated respondents' view of a traditional entrepreneur. Just over half (52%) aligned with one definition: A person who always searches for change, responds to it and exploits it as an opportunity. Even the two definitions cited by the other half involved risking failure.

Ninety-one percent of respondents considered themselves an entrepreneur. A few, though, clarified that they didn't feel like an entrepreneur in the traditional sense because either they weren't in the for-profit arena or because rather than being a practicing entrepreneur, they held an entrepreneurial *mindset*.

Agreed-on definition of entrepreneur (not social):

- **Always searches for change, responds to it and exploits it as an opportunity 52%**
- Starts a new business often at great financial risk 30%
- Drives the creative-destructive process of capitalism 19%

From there, researchers sought to determine whether respondents viewed themselves as social entrepreneurs – and by what criteria. The survey instrument first presented a list of definitions and asked respondents to select the one they most agreed with.

Helping others was the main theme of how respondents defined being a social entrepreneur.

Two-thirds echoed the view of traditional entrepreneurs in searching for change/new ideas, but every definition of social entrepreneur that was selected focused on solving problems to help others.

Agreed-on definition of social entrepreneur:

- **Pursues new ideas, motivated by the desire to help others 36%**
- Entrepreneurs with a social mission that is explicit and central 28%
- Tries to solve an intractable social problem through pattern-breaking change 20%
- Society's change agent: a pioneer of innovation that benefits humanity 16%

Two-thirds of respondents indicated they currently were operating a venture with a social impact.

At the same time, more than half of those self-identified social ventures were also identified as hybrids. We know from this position brief's earlier discussion of definitions that in order to be a social enterprise, an entity must *produce consumer goods and/or services to generate revenue for its commercial use*. Organizations must register with the state as some type of entity, and "social enterprise" is not yet an option (although Indiana is among the states having passed benefit corporation legislation, an innovative new legal status designed for social entrepreneurs).

Thus, the self-reported two-thirds of "ventures with a social impact" may indicate substantial disagreement around terms, though many may be unaware of any differences of opinion. The responses beg a few questions: Do Central Indiana nonprofit leaders see themselves as social entrepreneurs simply because they operate a nonprofit? Are those who founded a nonprofit more likely to identify as social entrepreneurs? Do all nonprofit leaders who are trying new ways to generate funds view their organizations as social enterprises? These ambiguities reinforce the need for additional research, discussion and education around the topic.

What is the goal of your venture? (top answers)

- to be a business that is set up to address a social objective 69%
- to be an organization that uses business principles to alleviate a social problem 63%
- to give back to the community either through volunteering or donating 44%

What is the primary purpose of your venture?

- social impact 63%
- profit 19%
- other 19%

If you operate a venture that would have a social impact, what type of entity is the enterprise? (select all that apply)

- nonprofit 56%
- for-profit 25%
- hybrid 13%
- B Corp 6%
- other 13%

Sampling of ventures with a social impact operated by survey respondents:

Eleven Fifty Academy — Nonprofit coding school focused on helping aspiring developers launch, change or enhance their careers.

Farm 360 — For-profit hydroponic farm spurring sustainable employment opportunities and healthy food production within urban neighborhoods.

Indy Metalsmith — Community of local independent jewelers and metalsmiths.

Indy Reads Books — Source of revenue for the nonprofit Indy Reads, whose mission is to promote and improve adult literacy in Central Indiana.

Keystone Catering — Social enterprise of the Edna Martin Christian Center from which proceeds provide vocational training/work for the underemployed.

Nine13sports — Nonprofit promoting health, wellness and exercise for local youth ages 5-18 through bicycling.

People for Urban Progress — Nonprofit aimed at creating a smarter, more sustainable, more resilient city by combining good design with existing resources.

Recycle Force — Nonprofit social enterprise delivering innovative recycling services through training and job placement for formerly incarcerated adults.

ULG Companies LLC — Privately held, employee-driven for-profit company providing workforce solutions for temporary and permanent staffing requirements.

How Can Indianapolis Grow and Sustain Social Entrepreneurship?

Researchers asked today's social entrepreneurs about the resources they believe are needed to ensure the viability of a social enterprise. Financial/leadership resources received the top position, and strategy and technology resources tied for second. Significantly but not all that surprising, respondents put financial resources at the top of the list of what they struggle most to find, while leadership was near the bottom. In comparing the lists, it becomes obvious that they rely on themselves for innovative and strategic thinking and enthusiasm for change – but most aren't in a position to be their own funders, provide or fully grasp technology needs, run an HR department or market themselves.

What resources (in person or online) have been **most helpful** in your pursuit to become an entrepreneur with a social purpose? (select all that apply)

- 67% financial
- 67% leadership
- 53% strategy
- 53% technology
- 40% marketing
- 40% organizational structure
- 33% human resources

What resources are you **struggling to find**? (select all that apply)

- 71% financial
- 50% technology
- 29% human resources
- 21% marketing
- 21% programmatic
- 14% leadership, legal or strategy
- 7% organizational structure or other

Community Supporters Identify Funding as Biggest Key to Success and Largest Area of Failure

Lack of consensus around definitions could create new roadblocks to progress

Respondents to the second survey instrument comprised members of the community who likely had worked or plan to work with stakeholders (individuals who would interact with social entrepreneurs and those from organizations that could benefit from social entrepreneurship's activities).

More than 87 percent of respondents believed Central Indiana is home to social entrepreneurs and that the region can support them; most respondents had assisted them previously (either on personal time or through their employer) in areas of grants/funding, strategic planning, consulting, marketing/PR, educational opportunities and professional network/resources. They almost uniformly saw social entrepreneurship here as beginning or growing.

In identifying available community resources, respondents revealed a key component of future growth. Asked to name the most valuable resources a community could provide to social entrepreneurs, respondents listed funding/financial support, followed by coordination, networking and a formal structure.

Importantly, respondents gave the same answers when asked what resources this community in particular is failing to provide. **Thus, the Central Indiana community agrees that funding/financial support is the No. 1 resource simultaneously most needed and most lacking for social entrepreneurs to flourish.**

In what could be a roadblock to progress, respondents did not seem to have a clear idea about or agree on what social entrepreneurship is. One comment in particular highlighted these responses best:

"Few people here really understand what a social enterprise is, even though the term exists in popular media nationwide. Groups like WorkOne/EmployIndy and Conexus employ people and build skills among those they employ, but **they are more institutional than entrepreneurial**. Others, such as United Way of Central Indiana, emphasize traditional grant funding, donations, sponsorships and government-funding approaches. **[Service groups and nonprofits] don't use market-driven mechanisms such as for-profit ventures nearly as much as they could, largely because their leaders and managers lack the right mindsets and experience for such work.** Community impact funds that have spurred social entrepreneurship in other cities don't exist here."

Four Recommendations for Social Entrepreneurship Success in Central Indiana

This position brief represents a first step in initiating discussion and further examination of social entrepreneurship in Central Indiana. The key takeaways that follow open a path forward to building a thriving and connected social entrepreneurship community.

1. Central Indiana must create a formal network of social entrepreneurs and those who want to support them.

Because social entrepreneurs in Central Indiana have no established support structures or vehicles for bringing them together, social entrepreneurship in the region is in an immature stage. Individuals with a passionate desire to solve social problems are working without the benefit of a network connecting people, resources and ideas. Events, networking groups, industry awards and overall more discussion about social entrepreneurship in Central Indiana can lay the groundwork for a formal structure in which current and emerging social entrepreneurs will engage and thrive.

2. Central Indiana must create an easy method for social entrepreneurs to identify themselves.

For reasons touched on earlier, identifying social entrepreneurs for this research endeavor proved extremely difficult. Thus, if Central Indiana hopes to connect social entrepreneurs with each other and with potential funders, Indianapolis must create a central repository of information about them; then, this repository must be promoted and maintained. As the network grows, additional research is imperative to shaping the growth of social entrepreneurship.

3. Social entrepreneurship in Central Indiana needs a champion and forward-thinking partners.

Funders, stakeholders and existing organizations in Central Indiana believe in social entrepreneurship but find themselves moving in various directions due to a lack of leadership. An entity or collective – social entrepreneurs, community supporters, potential funders – must take the first step: Create a formal initiative to define, promote and support social entrepreneurship around a shared understanding of terms and goals. This will help visionary partners provide coordinated incubators, mentors, summits and events to launch more formal discourse.

4. Education of the broader community, particularly of investors, will help strengthen the community.

We believe there is a strong yet latent willingness to connect business with addressing social problems, but many in Central Indiana are still not familiar with the themes of social entrepreneurship. Educating those in the business and civic communities about this rapidly emerging field will help build broader support for the growing community of social entrepreneurs. This is particularly important for investors, since survey respondents identified a lack of financial support as their single biggest challenge.

Next Steps

This position brief stands as a moment in the development of an accurate understanding of social enterprise in Central Indiana. It's a call to action for social entrepreneurs to come forward and share their stories – stories and data that will form the building blocks of Central Indiana's first social entrepreneurship network.

As an ongoing project, we now intend to capture and store profiles by encouraging social entrepreneurs to visit achieveagency.com/socialentrepreneur/

Then, researchers can perform qualitative interviews to expand and enrich the profiles of local social entrepreneurs.

These real, actionable steps will take Central Indiana ever closer to establishing the support social entrepreneurs need to thrive.

Behind This Position Brief: Taft and Achieve

Taft Stettinius & Hollister LLP

Founded in 1885, Taft is a forward-thinking Midwestern full-service business law firm that prides itself on outstanding workplace culture, approach to leadership, obsessive client-first mentality and service, and support for social entrepreneurship in our markets. Instead of an HQ, we have a virtual headquarters with an empowered, geographically dispersed management team comprising leaders from every major market and practice group. Under our servant leadership model, lawyers contribute substantial time and resources to many charitable and community organizations and activities, and do meaningful pro bono work for those in need.

Achieve

Achieve is a research and marketing agency for causes. As the people who brought you The Millennial Impact Project and MCON, Achieve helps you investigate, activate and motivate people for your purpose. Our expertise lies in four pillars: Research, Technology, Marketing and Strategy. We leverage this expertise in a comprehensive, aligned approach to understand and inspire your audience – whether current or yet to be discovered – to take action. We are more than a vendor or a consultant. We become a partner in your mission and a champion in your success. With Achieve, you'll learn more, do more and change more – for good.

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