Social Enterprise Category
Frequently Asked Questions

What is a social enterprise?
For the purposes of this competition, social enterprises are defined as nonprofit or for-profit business ventures that strive to achieve a quantifiable double bottom line of financial and social returns. These ventures are financially self-sufficient.

How does this differ from a traditional business?
A social enterprise places equal emphasis on achieving a financial and social return on investment. A traditional business focuses primarily on the financial return on investment.

What is social return on investment?
Social return on investment is the quantifiable social impact of the venture. For more information on social return on investment, see the fact sheet- “Social Return on Investment and the REDF Methodology” and “Double Bottom Line Project Report: Assessing Social Impact in Double Bottom Line Ventures” under resources at www.UHBusinessPlanCompetition.com. This concept will also be explained during the social enterprise help sessions.

Does a socially responsible business qualify as a social enterprise?
Social responsibility generally pertains to the operations of a business and how the business treats its customers and workers. Elements of a socially responsible business might include environmental stewardship, fair labor practices, worker friendly policies, and high ethical standards with customers and trading partners. A socially responsible business may or may not have a double bottom line strategy.

A social enterprise will always have a double bottom line strategy and one would hope that it is also a socially responsible business.

Are businesses that return a portion of their profits to the community a social enterprise?
A business that donates some percentage of its profits to a community nonprofit is not a social enterprise. Many businesses have established foundations that give donations to nonprofits and scholarships to individuals. Although the community appreciates the generosity of these businesses, these companies are not social enterprises.

What are examples of social enterprises?
1) Nonprofits with income from products or services that are provided or produced and supplemented by external support and subsidies—an example is FareStart. FareStart provides a community that successfully empowers men, women and families to create new opportunities through food service training, life skills training and job placement. FareStart has a restaurant in Bell Town in Seattle. www.farestart.org.

2) Nonprofits with income from products and services that are provided or produced and are not supplemented by external support and subsidies—an example is Pioneer Human Services’ Pioneer Industries is a sheet metal manufacturer with a full in-house machine shop. Pioneer Industries trains released felons, the homeless, and persons who have abused substances. www.pioneerhumanserv.com

3) A for-profit company that pursues financial return and simultaneously generates social outcomes—an example is Edison Schools. Edison Schools is the nation’s leading public school partner with a goal of raising student achievement. www.edisonschools.com

For more examples, go to www.fastcompany.com and scroll down to Social Capitalists Awards 2006.

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