Illinois Community Action Network

Social Entrepreneurship in Action

A White Paper Examining Prospects for Program Development

DECEMBER 2013

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Project Scope

The project scope focused on identifying opportunities, needs and gaps in ICADC's and to some extent IACAA, IVCA's programs and services to support earned income and social enterprise development within the network of 40 Community Action Agencies.

From September through December 2013, the primary project activities included:

1. Interviews with IACAA, IVCA, and ICADC staff and leadership

2. Comprehensive review of strategy documents and program materials

3. IACAA Earned income and social enterprise member survey

4. Collaboration support and development for Rockford deconstruction social enterprise

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Social Impact

Social enterprise

Business whose primary purpose is to address a social issue.

Social entrepreneurship

The field or movement of individuals who seek to solve societal issues through innovative practices.

Social entrepreneurs

The individuals who start, develop, lead or manage social enterprises or other innovative companies or organizations.

Earned income

Revenue generated from sources other than grants and donations.
Examples: Fees, product sales, rentals.

Financial sustainability

The ability to secure predictable revenue to support organizational needs.

Non-traditional revenue streams

Income that is not typical for that particular nonprofit organization.
Example: Income from a catering business started by a Head Start program that serves meals.

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Illinois Community Action Network and Social Enterprise

Question:

Is there a role for ICADC to support Community Action Agencies interested in earned income and social enterprise development?

Findings:

1. Earned income and social enterprise programming is an essential next step to advance ICADC and IACAA's comprehensive community and economic development strategy for Illinois.

2. Financing for Community Action Agency-initiated business and social entrepreneurial ventures is an opportunity to support new earned income and social enterprise activity.

3. ICADC and IACAA's current organizational capacities are well suited to earned income and social enterprise program development support.

4. Leadership teams' commitment to innovation and impact complements new program development.

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ICADC Strategic Plan

Question:

Do earned income and social enterprise revenue development fit within ICADC's mission?

Findings:

A review of the 2012 strategic plan indicates this alignment in the key areas of mission, vision and strategic goals and objectives

Furtherance of Strategic Plan

✓ Workforce development opportunities

✓ Job creation possibilities

✓ Long-term organizational stabilization

✓ Individual and family economic self-sufficiency attainment

✓ Community development perpetuation

MISSION:

The Illinois Community Action Development Corporation is a statewide community development organization that works through the community action network to create affordable housing, create jobs and engage in financial opportunities that strengthen communities and the wellbeing of individuals and families in need.

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Insights from Community Action Agencies

Question:

Are members interested in exploring earned income and social enterprise programs and services?

Findings

Limited Social Enterprise Experience

Challenges in Developing Social Enterprise and Earned Income Initiatives

Significant Member Interest in Social Enterprise

Member Capacity Development Needed to Advance Social Enterprise Ventures

Challenges Identified by Members

- Limited market opportunities
- Unfamiliarity with social-enterprise and earned-income strategies
- Lack of donor support for social-enterprise and earned-income strategies
- Lack of business development experience
- Unrealistic revenue projections
- Other: Controlling labor costs

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Key Insights from Members

Statement	Agree	Disagree	Not Sure
Social enterprise can generate unrestricted, new revenue.	88%	6%	6%
Our staff is interested in learning more about social enterprise.	81%	0%	19%

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Top Training Interests

Training Topic	Percentage Interested
Social enterprise 101	69%
Agency capacity assessment	56%
Social enterprise product/service opportunity assessment	50%
Capital financing/resource development	50%

Perspectives on Who Should Fund Start-up Costs

Source of Start-up or Planning Funding for Social Enterprise Ventures	Percentage Responding
IVCA (Illinois Ventures for Community Action)	67%
ICADC (Illinois Community Action Development Corporation)	47%
Private (non-foundation) philanthropy	40%
State government	33%
Private foundations	33%
IACAA (Illinois Association of Community Action Agencies)	27%
Self-funding from our organization: general operating funds	27%
Local government	20%
Private for-profit investor	20%
Self-funding from our organization: reserves	20%
Federal government	13%
Corporate donation	13%

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Case Studies:
Illinois Community Action Network

Community Action Partnership of Lake County

Type of Community Action Agency:

501(c)3 nonprofit

Earned income and social enterprise role:

Founder, Strategist, Investor, Operator, Owner

Ventures:

Cap Catering, CAP T-shirt Company, "Changing Lives" Upscale Resale Shop and Deli Corner (new), others in development

Rockford Community Action, the City of Rockford, Human Services Department

Type of Community Action Agency:

Public agency

Earned income and social enterprise role:

Convener, Facilitator, Strategist, Investor and Thought-leader

Ventures (supported):

Deconstruction business

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Recommendations

1. **Developing the Platform** Earned income and social enterprise program concept statement to clarify ICADC's role

2. Clarifying ICADC's Role and Responsibility Management strategy including complementary roles and responsibilities for IACAA and IVCA

3. **Defining the Program Model** Programs and services to support earned income development within the Illinois Community Action Network

4. **Establishing a Timeline** Important milestones and next steps.

The Program Model

Level	Agency Rationale or Status	ICADC Programs, Services	Format
1. Introductory	• Professional development • Exploration • Contemplation	• Social enterprise 101 • Legal and tax considerations • Organizational capacity assessment	• Group • Conferences • Online
2. Intermediate	• Early plans and feasibility underway • Business ideas generated • Funding under consideration	• Organizational development • Pre-business planning • Financial planning • Pre-development funding	• Group • Conferences • Online • One-on-one • Peer-to-peer • Consultant advisors
3. Advanced	• Earned income project underway • Expenses being incurred • Revenue being generated • Staff assigned to various business functions	• Business planning	• One-on-one • Peer-to-peer • Collaboration facilitation • Consultant advisors

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Next Steps

12-Month Timeline for Key Milestones

2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Refine scope of programs & services (S, I)	●———————————→ (Jan–Apr)											
Determine content for Levels 1, 2, & 3 programming (S)					●———————→ (May–Aug)							
Continue support to Rockford Deconstruction Project (S)	●———————————————————————————————→ (Jan–Dec)											
Confirm ICADC EI/SE Platform (S, I)	●———→ (Jan–Mar)											
Programming begins (S)						●—————————————————→ (Jun–Dec)						
Examine fee-for-service options for new EI/SE programming (S)			●————→ (Mar–Jun)									
Report back to Board, Members on Year 1 results (S)							●————————————→ (Jul–Dec)					

December 2013: Report presented to ICADC Board of Directors

Key: (S) = ICADC Staff; (B) = ICADC Board; I = IACAA Leadership; (EI/SE) = Income & Social Enterprise

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Acknowledgements

Open Door Advisors
1030 West Chicago
Suite 300
Chicago, IL 60642

opendooradvisorsinc.com
@OpenDoorAdvisor
773.883.0141