# FAITH-BASED ENTREPRENEURS:
## A Survey of Earned-Income Venturing by Social Service FBOs in Twelve Cities

**Amy L. Sherman, Ph.D.**
*Senior Fellow, Sagamore Institute*
*Director, Faith in Communities Initiative of the Foundation for American Renewal*

**John C. Green, Ph.D.**
*Director, Bliss Institute, University of Akron*

## CONTENTS

## INTRODUCTION: The "Why" Behind the Study

Faith-based organizations (FBOs), like most of their nonprofit brethren, are perennially interested in matters of funding. Even the most mission-minded, direct-service-oriented FBO leaders who hate asking for money know that they cannot sustain their work without sufficient dollars. Fundraising is a necessity for all.

In recent years, many FBOs have begun exploring financial collaboration with government social welfare agencies as a means of obtaining the resources they need to accomplish their social service work. The Faith in Communities (FIC) initiative has explored this topic in detail, producing a comprehensive catalog of FBO-government collaborations in 15 states[1] and also interviewing nearly 400 FBO leaders regarding their financial contracts with government.[2] In this report, we turn our attention to a new question related to financial sustainability: How common is earned-income venturing among social service FBOs?

An earned-income venture refers to some for-profit activity engaged in by a nonprofit agency. Casual observers (and, indeed, some nonprofit managers) may be confused by the concept – how can a nonprofit engage in for-profit activity? In fact, such work is perfectly legal, though regulated through various tax laws affecting nonprofit organizations. Ventures may take the form of a small retail business selling a product or service; charging fees for some of the services provided by the nonprofit; leasing property owned by the nonprofit; or other revenue-generating activity. Nonprofits engage in venturing for a variety of reasons (to be discussed later in this report), but for most, the ideal venture is one that both advances the nonprofit's social mission and contributes to its financial bottom line. Scattered throughout this report are snapshots of different types of earned income ventures sponsored by various faith-based social service nonprofits around the nation.

> ***"Social entrepreneurship is about starting and growing business ventures that simultaneously contribute to your organizational capacity, mission impact, and financial bottom line."***
>
> Andy Horsnell and John Pepin, *Social Entrepreneurship Basics*

In their path-breaking 2002 report, *Enterprising Nonprofits: Revenue Generation in the Nonprofit Sector*, Yale researchers Cynthia Massarsky and Samantha Beinhacker explain that "the trend to venture has increased significantly over the past twenty years as more and more nonprofit organizations explore revenue generation opportunities."[3] But what of the interest of *faith-based* nonprofits, specifically, in such ventures? For the past decade, staff members from FIC have witnessed little public discussion about the topic within faith-based circles. Major conferences of FBOs engaged in social services have offered few training programs in venturing. Anecdotally, staff

---

[1] See Amy L. Sherman, *Collaborations Catalogue: A Report on Charitable Choice Implementation in 15 States* (Hudson FIC, 2001).
[2] See Sherman, *Fruitful Collaborations: A Survey of Government-Funded Faith-Based Programs in 15 States* (Hudson FIC, 2002).
[3] Cynthia W. Massarsky and Samantha L. Beinhacker, *Enterprising Nonprofits: Revenue Generation in the Nonprofit Sector* (Yale School of Management, The Goldman Sachs Foundation Partnership on Nonprofit Ventures, 2002), p. 13.

know that interest in the subject is alive among FBOs, especially those with larger, more mature service initiatives. But this topic has received little attention in “the movement” compared to, for example, the topic of government funding of FBOs. Prior to launching our study, we were aware that some social service FBOs are actively engaged in venturing. A handful of such groups, for example, can be found in the “Enterprise Directory” published by the Social Enterprise Alliance.[4] But we could not locate any studies that suggest how widespread venturing is among social service FBOs. The Massarsky/Beinhacker report, which summarizes findings from a survey of 519 nonprofits, indicated that 26 percent of religious organizations in their sample were engaged in earned income ventures. But their survey included nonprofits of many stripes, not exclusively those providing social services.

Clearly, this topic of the involvement and interest in venturing among social service FBOs is significantly under-researched, despite the relevance and potential value of venturing for sustaining the faith sector’s critical community serving work. For this reason, we decided to initiate our own examination.

## Method and Sample Size

As in the case of most research projects, we had limited resources and time. We adopted what we hoped would be an affordable strategy for gauging the level of venturing activity among social service FBOs nationwide. We selected one city from each of the Census Bureau’s twelve regions. For each city, we culled data on nonprofits from the national database administered by Guidestar. Over 1.5 million nonprofit organizations are listed in Guidestar’s database.[5] Through a lengthy series of searches of the database, cross-referencing a number of key criteria, we sought to design as comprehensive as possible a list of self-identified nonprofit, faith-based organizations whose principal focus is social service. FBOs whose primary mission is church planting, clergy training, evangelism, or Bible translation were not included in the sample frame. Ultimately, this process yielded a listing of 645 FBOs distributed across the twelve cities (Cincinnati; Boston; Houston; Philadelphia; Atlanta; Phoenix; San Diego; Memphis; Portland; Trenton; Indianapolis; and Kansas City).

In late January 2004, we mailed questionnaires to every group and also contacted by email any FBO for which we had an email address, to alert them to the on-line version of our survey questionnaire. (The cover letter sent to all 645 groups invited them to complete the survey either on-line or by mailing in a completed questionnaire.) From returns we received following the initial mailing, we learned that 149 of the FBOs could no longer be contacted at the addresses we had from Guidestar (and/or, in some cases, from our own internet research). This reduced our potential sample of interviewees from 645 FBOs to 496 FBOs.

Several weeks following the initial mailing, we sent a second mailing to those who had not yet responded and also began contacting groups by phone. (We completed 144 surveys through standardized telephone interviews.) In total, we generated 265 usable surveys for a return rate of 53.4 percent. Subsequent data analysis revealed that there were no significant differences in the responses by mail, telephone, or online survey.

---

[4] The Directory can be accessed at: http://63.124.148.154/
[5] Guidestar *2003 Annual Report*, p. 2.

## Key Findings: Who Ventures? What Do They Do?

As noted above, the primary question we sought to answer concerned the extent of entrepreneurial venturing by social service oriented FBOs. We learned that 37 percent of the FBOs surveyed were currently operating an earned-income venture.[6] An additional seven percent had formerly operated such ventures, but were not currently doing so. We also desired to know whether groups not currently involved had any interest in pursuing possible venturing strategies. Of those FBOs not currently operating a venture, we learned that 20 percent have interest in launching one in the future (see Table 1).

***37% of social service FBOs are currently operating earned income ventures. Of those not operating ventures, 20% indicated that they had interest in doing so.***

We were also interested in identifying common characteristics among social service FBOs that are operating earned income ventures. Overall, it appears that four factors are particularly important.

***Creative Classes for the Working Poor***

St. Anthony's Shrine in Boston, Massachusetts is Catholic organization that offers a dynamic ministry to homeless men and women. They provide everything from emergency food and shelter relief—helping people who are coming in right off the street—to practical assistance for people ready to transition to independent life. Their adult education, family mentoring, domestic violence prevention, and financial literacy training programs are especially valuable. Founded in 1953, St. Anthony's is a part of an interfaith network of other like-minded social service providers.

In order to generate a small amount of income for their services, and to help revitalize the community, St. Anthony's created a school in the fall of 2003 with short-term classes for adults from their twenties into their eighties. At the Franciscan School, adults can enroll in an English as a Second Language (ESL) course, learn cooking skills, explore their faith, learn Spanish, or take a citizenship class–among other options. Right now the classes require a subsidy, but there is a small fee for each course that helps defray expenses. For example, the ESL class costs $100 plus the price of a textbook. Students pay anywhere from $75 per semester to $10 per class for other courses. But financial aid–scholarships and a sliding scale fee structure–is available. The Franciscan School's target audience is the working poor. Anyone from the community, though, is welcome to come, and does--from CEOs to inner city pastors. The classes are meant to be an outreach and service to the community. Some of the classes are simply one full day; others are six weeks or a semester long. The classes meet at times convenient for the working poor--at night or on weekends, or at noon during the lunch hour. The ESL classes have been booming with a current total enrollment of about 40. Other class sizes vary, but the school already boasts an enrollment of over 150 students overall.

[6] Despite the relatively small number of cases in our final sample, we are relatively confident about these results. Colleagues at Baylor University, as part of the Faith and Service Technical Education Network (FASTEN) project of the Pew Charitable Trusts, are in the process of surveying thousands of FBOs in twelve U.S. cities, one for each Census Bureau region. (The Baylor team selected twelve different cities from ours.)

| TABLE 1: Extent of Venturing by Social Service FBOs | |
|---|---|
| Venturing now | 37% |
| Ventured once, not interested now | 1% |
| Ventured once, unsure | 3% |
| Ventured once, interested still | 3% |
| Never ventured, not interested | 17% |
| Never ventured, unsure | 19% |
| Never ventured, interested | 20% |
| *Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004. n= 265.* | |

First, FBOs that operate ventures tend to be older than those that do not. Second, venturing FBOs are larger, in terms of their annual budgets and the number of paid employees, than are non-venturing FBOs.[7] Third, venturing FBOs are more likely than non-venturing FBOs to be members of some sort of faith-based network or association. Finally, venturing FBOs appear to have a narrower program focus than do non-venturing FBOs (see Tables 2-3).

In terms of annual budget, the venturing groups were the best funded, with 45 percent reporting a budget of over $2 million. The non-venturing groups were less well funded. For example, 62 percent of the "not venturing but interested" group reported annual budgets of $350,000 or less.

| TABLE 2: Venturing and Characteristics of Organization | | | | | |
|---|---|---|---|---|---|
| | Venturing | Not Venturing | | | ALL |
| | | Not Interested | Unsure | Interested | |
| ***Year Founded*** | | | | | |
| *Pre-1970* | 35% | 27% | 22% | 8% | 25% |
| *1970-1986* | 30% | 20% | 23% | 25% | 25% |
| *1987-1995* | 21% | 29% | 31% | 27% | 26% |
| *1996-2004* | 14% | 24% | 24% | 40% | 24% |
| ***Budget Size*** | | | | | |
| *Less than $100,000* | 23% | 33% | 26% | 30% | 27% |
| *$100,000 to $350,000* | 8% | 25% | 35% | 32% | 23% |
| *$350,000 to $2 million* | 24% | 20% | 30% | 26% | 25% |
| *Over $2 million* | 45% | 23% | 9% | 11% | 25% |
| ***# of Employees*** | | | | | |
| *No or one employee* | 18% | 31% | 28% | 27% | 25% |
| *2-5 employees* | 14% | 29% | 28% | 35% | 25% |
| *6 to 25 employees* | 22% | 27% | 39% | 20% | 26% |
| *26 or more employees* | 46% | 13% | 5% | 18% | 24% |
| ***Network Affiliation*** | | | | | |
| *Belong to network* | 65% | 51% | 48% | 36% | 52% |
| *Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004. n= 265.* | | | | | |

Preliminary data in July 2004, based on assessment of 577 cases, indicated that 34.2 percent of surveyed congregations and FBOs were currently earning revenue from ventures.

[7] These findings are consistent with the results of the Massarsky/Beinhacker survey of 519 nonprofits. In their study, nonprofits operating ventures tend to be older and more experienced, staffed with greater numbers of employees, and controlling budgets of over $5 million annually. *Enterprising Nonprofits*, pp. 4-5.

***Muslim FBO Hits Home Runs Venturing in Atlanta***

Baital Salaam Network, Incorporated, (House of Peace) is a Muslim organization in Atlanta, Georgia that remembers that hurting people need dignity. Their vision: To assist families that are in chaos due to some form of domestic violence to recover with dignity. Founded in 1997, they offer services such as job training and placement, emergency relief, domestic violence prevention, and counseling. It's a small group, with only one paid staff worker, but is informally connected with the Islamic Society of North America, a network that includes other Muslim nonprofit organizations.

In order to generate more income for their programs, and provide their constituents with work opportunities, they started an earned income venture—providing staff service at a local baseball stadium. It's a win-win situation for Baital Salaam, for their clients who often are pressed financially, and for the local baseball stadium, Turner Field. It works like this: often some workers in the stadium's concession stand or kitchen don't show up to work before a game for one reason or another. For a set fee of $100, Baital Salaam has 20-25 people on hand, ready to fill in those spots if need be. If no substitute workers are needed, Baital still gets to keep the $100 just for having substitutes available. If workers are needed, Baital receives an additional $60 for every worker it provides. Sometimes no workers are needed, other times 3 or 4 or as many as 20 are. Baital keeps half the money, and gives half to their workers. This earned income venture generates between $17,000 and $56,000 annually. That's between 21 and 70 percent of the FBO's annual budget!

Baital Salaam is not a newcomer to earned income ventures. In the past they marketed music CDs and videotapes of their workshops and lectures—and also lent out their speaker's bureau for paid speaking engagements. Both provided needed income for their programs.

Despite its small size, Baital Salaam has demonstrated that with creativity and perseverance, venturing can make a big difference in an FBO's bottom line.

In terms of paid employees, the venturing groups have the most, with 46 percent reporting 26 or more staff. In contrast, the not venturing groups had fewer employees. For example, 62 percent of the "not venturing, interested" group reported 5 or fewer paid employees.

We hypothesized that FBOs that are engaged in some kind of network or association might be more likely to be involved in venturing. We thought that such membership might expose FBOs to a broad range of fund-raising strategies, including venturing, or that membership might imply that the FBO might attend conferences or training event(s) sponsored by the network at which venturing might be discussed. FBOs isolated from such networks, by contrast, might have fewer opportunities to hear about venturing possibilities and models. Our survey results confirmed our guesses. There was considerable variation, with 65 percent of the venturing FBOs reporting a membership while only 48 percent of the "not venturing, unsure" FBOs were involved in a network.

**TABLE 3: Venturing and Degree of Program Focus**

| ***# of Program Areas*** | **Venturing** | **Not Venturing** | | | **ALL** |
|---|---|---|---|---|---|
| | | Not Interested | Unsure | Interested | |
| *One, two areas* | 37% | 35% | 18% | 17% | 28% |
| *3 to 5 areas* | 24% | 20% | 41% | 23% | 27% |
| *6 to 8 areas* | 17% | 25% | 17% | 27% | 21% |
| *9 or more* | 22% | 20% | 24% | 33% | 24% |

*Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004. n= 265.*

In terms of the number of program areas in which the FBOs report operating, the venturing FBOs tend to be involved in fewer areas, with 37 percent listing just one or two areas, and 22 percent nine or more. Given the discipline, time, energy, cost, and human resources required for operating a successful venture, it is not surprising that venturing FBOs may be active in fewer program areas. Their narrower program focus may be an asset, restraining them from diffusing their energies in ways that would hinder the venture. By contrast, the not venturing, interested group is engaged in a broader range of program activities: just 17 percent of the FBOs in this category report operating in one or two program areas while 33 percent report activity in nine or more areas.

***Venturing FBOs have a narrower programmatic focus and tend to be engaged in networks of other FBOs more than non-venturing FBOs.***

We were also interested to learn whether FBOs that focus on certain types of social services, such as building affordable housing or mentoring at-risk youth, would be more likely than other FBOs to engage in venturing. What our survey showed was that venturing FBOs are involved in providing a highly diverse array of social services. No one particular type of social service emphasis was clearly

**TABLE 4: Venturing and Types of Social Services Provided**

| ***Social Services*** | **Venturing** | **Not Venturing** | | | **ALL** |
|---|---|---|---|---|---|
| | | Not Interested | Unsure | Interested | |
| *Counseling* | 41% | 49% | 44% | 55% | 46% |
| *Emergency relief* | 39% | 49% | 63% | 63% | 52% |
| *Elderly services* | 36% | 20% | 27% | 20% | 28% |
| *Health care* | 35% | 18% | 22% | 22% | 26% |
| *Adult education* | 30% | 41% | 32% | 43% | 36% |
| *Adult mentoring* | 28% | 41% | 36% | 40% | 35% |
| *Youth education* | 28% | 27% | 48% | 50% | 37% |
| *Youth mentoring* | 25% | 31% | 46% | 45% | 35% |
| *Job training* | 25% | 37% | 22% | 43% | 31% |
| *Youth life skills* | 24% | 20% | 39% | 48% | 32% |
| *Homelessness services* | 24% | 33% | 31% | 43% | 24% |
| *Affordable housing* | 22% | 16% | 12% | 33% | 21% |
| *Substance abuse* | 21% | 39% | 37% | 40% | 32% |
| *Domestic violence* | 20% | 16% | 20% | 28% | 21% |
| *Pre-school, daycare* | 18% | 2% | 12% | 23% | 15% |
| *Entrepreneurship* | 12% | 14% | 17% | 23% | 16% |
| *Community development* | 12% | 16% | 25% | 38% | 22% |
| *Crisis pregnancy* | 8% | 24% | 29% | 27% | 20% |
| *Other activities* | 49% | 27% | 31% | 43% | 39% |

*Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004. n= 265.*

***High-Tech Classes Put Low-Income Houstonians on the Path to Success***

Reach Across Houston began when recently retired Benny Sanders and his wife felt God call them to Greenspoint, a high-risk, low-income neighborhood in Houston. "It started out with me and my wife setting up a card table and couple chairs in the neighborhood. We invited people to come talk to us, asked them their needs, and prayed for God to meet those needs," recalls Sanders. This led, in 1992, to the official start of Reach Across Houston, an Evangelical Christian organization that offers a wide variety of services for neighborhood residents: youth education, life and job skills training, family mentoring, and financial literacy programs. Their vision is simple: to help people become self-supporting members of society.

After assisting residents in the neighborhood to gain employment in entry level jobs through their employment training program, Sanders found that his graduates could not pull themselves out of poverty earning only minimum wage. So he had a creative brainstorm: offer a new kind of high-tech training program that would prepare people for computer-oriented jobs that paid well. To forward this vision, Sanders developed a partnership with Cisco Networking Systems, a world class firm that provides over 85 percent of the Internet's software and hardware. Now Reach Across Houston is one of the sites for the Cisco Networking Academy program. This training program teaches adults how design, build, and maintain computer networks. Through a range of information-age teaching media and methods, the networking Academy goes beyond traditional computer-based education, helping students to develop practical computer networking knowledge and skills in a hands-on environment. Interested adults pay a small tuition and commit to twelve hours a week of study for seven months, graduating with the potential to earn $40-$60,000 a year. So far the program has graduated 30 adults. Sanders joked, "I need to enroll myself in my own program so I can start earning more money!"

related to the propensity for venturing (i.e., we cannot say that a majority of venturing FBOs are those that provide X or Y service). The data did show that a considerable number of FBOs that provide counseling services operate ventures (41%), mostly of the fee-for-service type. Over one third of the venturing FBOs are involved in providing health-related services, or services for the elderly. FBOs whose primary work is with adults are slightly more likely to be venturing than FBOs whose primary work is with youth. FBOs focusing on providing crisis pregnancy services were the least active in venturing. (See Table 4.)

We were also interested to learn whether FBOs associated with particular religious traditions might be more, or less, engaged in operating earned-income ventures. Table 5 summarizes our findings. The largest single subset of the survey respondents were FBOs identifying themselves as evangelical (40%); we also interviewed groups identifying themselves as mainline Protestant, Catholic, Ecumenical, Inter-faith, and Jewish, and among affiliations. The venturing groups are quite diverse in religious terms. Just under one-third of the FBOs currently venturing are Evangelicals (but, as just noted, Evangelical groups also composed 40 percent of the sample.) However, mainline Protestant FBOs (of which there were fewer in the overall sample frame) were more likely than Evangelical FBOs to be operating current ventures. Over half of the Catholic FBOs and Jewish FBOs reported operating earned income ventures, but because the number of cases for these groups was so small in the sample, we must be very careful about drawing any inferences from this result.

Nearly 100 of the FBOs we surveyed were currently operating earned income ventures. The types of activities they sponsor are highly diverse. The single most common venture was operating a thrift store (20 examples). Other FBOs operated for-profit nursing homes or gift stores. Others earned revenue by charging for some of their services, such as counseling or training. Several were engaged in affordable

| TABLE 5: Venturing and Religious Affiliation | | | | | |
|---|---|---|---|---|---|
| ***Religious Affiliation*** | **Venturing** | **Not Venturing** | | | **ALL** |
| | | Not Interested | Unsure | Interested | |
| *Protestant:* | | | | | |
| Evangelical | 31% | 39% | 44% | 51% | 40% |
| Mainline | 16% | 6% | 22% | 15% | 15% |
| Black | 2% | 6% | 7% | 5% | 5% |
| *Other Christian:* | | | | | |
| Catholic | 7% | 2% | 3% | 5% | 5% |
| Other Christian | 2% | 0% | 2% | 0% | 1% |
| Ecumenical | 16% | 19% | 9% | 7% | 13% |
| *Non-Christian:* | | | | | |
| Inter-faith | 12% | 16% | 9% | 13% | 12% |
| Jewish | 13% | 10% | 3% | 2% | 8% |
| Muslim | 1% | 0% | 0% | 0% | * |
| Other non-Christian | 0% | 2% | 1% | 2% | 1% |

*Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004. n= 265.*

housing initiatives; some rented out property. Others ran service-oriented businesses, offering lawn care, janitorial services, or auto repair. The most common structure for the ventures was fee-for-service activity. Forty-three percent of the venturing FBOs were engaged in this type of venture. One-third was involved in product-related sales. For further details on the types of ventures sponsored, see Table 6.

| TABLE 6: Venture Types | |
|---|---|
| Fee-for service | 43% |
| Product related | 33% |
| Renting property | 13% |
| Service-related | 7% |
| Other | 3% |

*Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004. n= 98.*

## Key Findings: Why do FBOs Venture?

Among those FBOs currently operating earned income ventures, we wanted to learn what they viewed as the principal benefits of their activity. While generating revenue is an immediately plausible motivation for venturing, nonprofits conduct such activity for additional reasons. Our survey probed respondents to learn what weight they place on different reasons for operating ventures. While generating income was, not surprisingly, the primary benefit sought by venturing FBOs, other reasons are also important to them (see Table 7). Some FBOs assert that the venture helps strengthen their relationships in the communities they serve. Nearly half report that the venture serves their constituents (who are, typically, active or potential participants in their programs).

While generating revenue is a principal reason underlying many earned-income ventures, not all such activities are successful in earning a profit. Designing and operating a venture that actually generates revenue is a difficult achievement. In their study of 519 nonprofits currently operating ventures, Yale researchers Massarsky and Beinhacker found that 35 percent needed to subsidize their ventures in order to keep them going, while just over half reported that ventures either broke even (19%) or made a profit (35%).[8]

**TABLE 7: Reasons for Venturing/Benefits of Venturing**

| ***Reason for Venturing*** | **Very Important** | **Somewhat Important** | **Not Very Important** |
|---|---|---|---|
| *Generating Income* | 79% | 15% | 6% |
| *Generates good community relations* | 59% | 23% | 18% |
| *Serves constituents by providing opportunities (e.g., job training)* | 47% | 13% | 40% |
| *Moves organization toward financial self-sufficiency* | 45% | 27% | 27% |
| *Diversifies revenue stream* | 44% | 23% | 34% |
| *Revitalizes community* | 42% | 23% | 36% |

*Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004. n= 98.*

***Fee-for-Service Approach Strengthens Participants' Commitment***

The United African American Ministerial Action Council (UAAMAC) in San Diego, California is an ecumenical Christian organization with a two-fold purpose: to build the capacity of clergy and lay leaders and to revitalize the communities in which they live, work, and worship. Founded in 1996, and currently employing seven staff members, this nonprofit is dynamic and growing. The organization focuses on helping congregations get involved in public policy, realizing that they need to first offer training resources so that clergy and lay leaders from their member congregations can grow in their leadership skills. They want to help those they serve to flourish in leadership positions.

The Institute through which they provide this leadership training (operated under the auspices of an umbrella organization called Regional Congregations and Neighborhood Organizations) is structured as a fee-for-service earned income venture. Congregations pay $300 for membership in the Institute for the first year, and $200 per year after that. About 30 congregations are currently members. Membership includes access to any leadership resources the organization has developed, as well as the opportunity for networking among peers. At least 20 training opportunities are offered each year, including regional and national training workshops and conferences. Topics include fundraising; board development; grant writing; leadership development; and building a power base. Members can also attend an intensive, week-long leadership training conference at a reduced price.

Interestingly, the Action Council chooses to charge a fee not for the main purpose of providing income for its programs (the venture requires a subsidy). Rather, they have discovered that if there is a charge for membership, the pastors of their member congregations are more deliberate and dedicated to using the resources they have purchased. According to the staff, the membership fee serves the program in a "back door" way: charging a fee keeps the ministers loyal and dedicated in a way that free membership would not.

[8] Massarsky and Beinhacker, *Enterprising Nonprofits: Revenue Generation in the Nonprofit Sector*, p. 6.

## *Comparing Faith-Based and Other Venturing Nonprofits*

| Venturing Activity | | |
|---|---|---|
| | **Yale Study** | **Hudson FIC Study** |
| *Currently Operating Earned Income Venture* | 42% | 37% |
| *Not Currently Operating Earned Income Venture But Operated Venture in the Past* | 5% | 7% |
| *Never Operated Earned Income Venture* | 53% | 56% |
| | *n=519* | *n=265* |

*Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004 and* Massarsky and Beinhacker, *Enterprising Nonprofits: Revenue Generation in the Nonprofit Sector.*

| Comparison of Venturing Nonprofits | | |
|---|---|---|
| | **Yale Study** | **Hudson FIC Study** |
| ***Financial Success of Venture*** | | |
| Generates a surplus | 35% | 25% |
| Breaks Even | 19% | 12% |
| Requires a subsidy | 35% | 58% |
| Other | * | 5% |
| ***Top Reasons for Venturing*** | | |
| Generate Income | 66% | 79% |
| Move organization to self-sufficiency | 52% | 45% |
| Diversify revenue stream | 51% | 44% |
| Serve constituents by providing employment/training | 39% | 47% |
| Generate positive community relations | 34% | 59% |
| Help to revitalize neighborhood/community | 23% | 42% |
| ***Valuable Support/Assistance*** | | |
| Business Planning Assistance | 56% | 23% |
| Access to Capital | 43% | 58% |
| Market Research | 29% | 37% |
| Peer Support | 27% | 29% |
| Technical Assistance/Consulting | 17% | 21% |
| Workshops/Seminars | 17% | 20% |
| ***Have you written a business plan?*** | | |
| Yes, have written a business plan | 55% | 50% |
| No, have not written a business plan | 45% | 50% |
| | *n=217* | *n=98* |

*Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004 and* Massarsky and Beinhacker, *Enterprising Nonprofits: Revenue Generation in the Nonprofit Sector.*

## *Many FBOs are struggling to make their ventures turn a profit.*

FBOs operating ventures also struggle to make them financially successful. Our survey indicated that 58 percent of ventures operated by the FBOs required a subsidy. One quarter of the groups indicated that their ventures generated a profit; 12 percent said their ventures broke even (see Table 8). Overall then, faith-based entrepreneurs do not seem to be performing quite as well as many secular, venturing nonprofits studied by Massarsky and Beinhacker. Two possible reasons for this emerged from the data: the fact that many venturing FBOs had not written a business plan for their venture, and the fact that many of the ventures are still fairly young.

| TABLE 8: Profitability of Ventures | |
|---|---|
| Requires a subsidy | 58% |
| Generates a surplus | 25% |
| Breaks even | 12% |
| Other | 5% |
| *Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004. n= 98.* | |

In their study, Massarsky and Beinhacker learned that the preparation of a business plan was an important factor in the success of ventures. Eighty-one percent of the organizations that wrote a business plan reported that their ventures had a positive impact on the mission of their organization, as compared to 69 percent of nonprofits without such business plans.[9] Our survey indicated that only half of the FBOs currently operating ventures had a written business plan at the outset. Massarsky and Beinhacker also found that the more financially successful ventures were more than 11 years old. By contrast, many of the ventures described by the FBOs we interviewed were launched more recently (see Table 9).

| TABLE 9: Year in Which the Venture was Launched | |
|---|---|
| Pre-1970 | 18% |
| 1970-1986 | 26% |
| 1987-1995 | 20% |
| 1996-2004 | 36% |
| *Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004. n= 98.* | |

[9] Ibid., p. 11.

As noted, FBOs are interested in accomplishing objectives other than revenue generation through their venturing activities. Our survey asked an open-ended question, requesting that respondents briefly explain how the goals of the venture "relate directly to the broader mission of the organization." As depicted in Table 7, nearly half (47%) of the venturing FBOs conduct for-profit activities that, in one way or another, serve their constituents. Most often, this looks like job training or job opportunities for participants in the FBO's social programs. One venture, for example, employs ex-offenders that the FBO ministers to. Another offers job training opportunities for the homeless – men enrolled in this Rescue Mission's recovery program work in an auto repair shop, rehabbing donated autos and then re-selling them. Other FBOs provide "work therapy" that is integral to the overall recovery process for substance abusers engaged with the FBO. In some instances, the venture serves constituents as customers: several of the FBOs operating thrift stores, for example, noted that program participants are able to purchase affordable clothing, furniture, and baby care items through these thrift stores. In fully 40 cases, the mission of the organization and the earned-income venture were said to be one and the same by the respondent. For example, the primary program of one FBO was providing after-school care of "latch-key" kids, so that they would "not have to face empty homes," and would get a healthy snack and engage in constructive activities. This organization operates the program on the school campus under a fee-for-service contract with the school. Other FBOs noted that the revenues generated by their ventures earned cash to fund additional programs, thus enabling them to help more people. And a few FBOs asserted that their fee-for-service ventures improved client performance; that by investing their own money, program participants were more committed to the program and more successful in it. In all these and other ways, venturing FBOs generally argue that their for-profit activities seek to advance their social mission as well as contributing to their bottom line. Only a few respondents indicated that the venture was operated *solely* for the purpose of generating income.

***Rehabbed Cars, Transformed Lives in Portland***

The Portland Rescue Mission in Portland, Oregon, is an Evangelical Protestant organization that focuses mainly on the homeless: their mission is to share the word of God and the love of Christ with the homeless and poor through rescue ministries. Founded in 1949, the organization is quite large, boasting a seventy-person paid staff.

Along with their other programs, such as emergency relief, adult education, and substance abuse prevention and rehabilitation, the Rescue Mission operates two earned income ventures. There's a thrift store that resells donated goods, but also a venture that's a bit more unusual: refurbishing donated autos. The Mission receives donated cars, repairs them, and then sells them for a profit.

The venture is ingenious. Not only does the business provide income to support the Mission's various programs, it also offers the workers – participants in the Mission's residential "New Life Recovery and Discipleship Program" -- a very useful skill they can later use to support themselves in independent life. And there's an added benefit to the wider community: a useful product offered at an affordable price.

## Key Findings: FBOs Not Venturing

Our study indicates that it is more common for social service FBOs to not be involved in venturing than to be active in venturing. Fifty-six percent of the respondent organizations had never operated an earned income venture. Interestingly, though, only 17 percent of this group indicated that they had no interest in ever venturing. These respondents feel that venturing is not part of their group's mission, have never even considered operating an earned income venture, and are concerned that they would not have the finances or staff required (see Table 10). The rest of the non-venturing FBOs are open to the possibility of launching ventures in the future. These groups also fear that they may lack the money or personnel to launch a successful venture, or feel that their present ministry commitments are too consuming to afford them time to engage in venturing. Other groups noted that they were too new or too young to start a venture, that they lacked physical space, or that they lacked knowledge of how to design and implement a venture.

***Caution! Proceed Carefully: Common Mistakes Made by Those Who Fail to Recognize the Challenges of Venturing*[1]**

"It would be a mistake to think that nonprofit business ventures are always beneficial." This blunt statement was penned by J. Gregory Dees, founder of Harvard Business School's Initiative on Social Enterprise and former entrepreneur-in-residence with the Ewing Marion Kauffman Foundation's Center for Entrepreneurial Leadership. Dees has seen through long years of observation that creating and sustaining a venture that makes money and advances a nonprofit's social mission is often very difficult. In many years' experience working with nonprofits, Dees has witnessed common mistakes potential venturers make. Following is a short listing of such mistakes, drawn from Dees' rich essay, "Putting Nonprofit Business Ventures in Perspective," in a new book, *Generating and Sustaining Nonprofit Earned Income: A Guide to Successful Enterprise Strategies*.

- Failure to develop a thorough, rigorous business plan that "makes clear how the venture will help the parent organization directly or indirectly improve its mission performance."
- Imitating business ideas by other ventures that do not fit well with the nonprofit's own mission and assets; i.e., that are not "natural extensions of its operations."
- Underestimating possible tensions that might emerge within the parent organization. Dees illustrates: "One social service organization reported a tension between the loan officers in its new microlending operation who were trying to collect loan payments and the social workers assisting the same clients."
- Failing to define the "minimum thresholds that the venture must meet to be worthwhile."
- Failing to properly allocate the true costs of the venture. One example: not allocating the cost of senior management time.
- Assuming that the parent organization "can take all the profits out of the business venture once it become profitable, or that its subsidy is limited to operating losses." Simply put, profits are not the same as free cash flow; often most or all initial profits need to be reinvested in the business to enable continued operations.
- Lacking adequate flexibility to retool the business plan as needed to react to lessons learned as the venture is piloted.
- Failing to stay focused on the ultimate bottom line: the mission. Dees writes forcefully: "A venture is worthwhile only if it is an efficient way to serve or support the parent organization's mission performance."

[1] This article is adapted from J. Gregory Dees, "Putting Nonprofit Business Ventures in Perspective," in *Generating and Sustaining Nonprofit Earned Income: A Guide to Successful Enterprise Strategies*, eds. Sharon M. Oster, Cynthia W. Massarsky, and Samantha L. Beinhacker (San Francisco: Jossey-Bass, 2004).

| **TABLE 10: Reasons Why Non-Venturing FBOs are not Active in Venturing** | | | | | | |
|---|---|---|---|---|---|---|
| ***Reason*** | **Never Ventured** | | | **Once Ventured** | | |
| | Not Interested | Unsure | Interested | Not Interested | Unsure | Interested |
| *Not Part of Mission* | 44% | 28% | 17% | 0% | 38% | 14% |
| *Venture Never Considered* | 18% | 37% | 23% | 0% | 0% | 0% |
| *Lack of Finances* | 11% | 37% | 55% | 0% | 88% | 43% |
| *Lack of People* | 9% | 51% | 53% | 33% | 75% | 43% |
| *Concerned re: Tax Status* | 7% | 10% | 11% | 0% | 25% | 14% |
| *Restricted by Funding* | 6% | 10% | 24% | 0% | 13% | 57% |
| *Lack of Board Support* | 2% | 14% | 8% | 0% | 63% | 0% |
| *Financial Risk* | 2% | 10% | 17% | 0% | 63% | 14% |
| *Other* | 4% | 24% | 32% | 67%* | 13%* | 14% |

** previous venture lost money*
*Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004. n= 167.*

Some of the groups currently not venturing had operated ventures in the past. A tiny subset of this group is unenthusiastic about future ventures; their previous ventures had failed and lost money and they are reluctant to try again. More of the previously active group expressed openness to possible future venturing, but they too have strong concerns about their perceived lack of financing, people, and, in some cases, board support. A handful of FBOs noted that they are restricted by their current funding from launching earned income ventures.

## Key Findings: What Kinds of Help Do FBOs Need Concerning Venturing?

Beyond learning the facts about how common entrepreneurial venturing is among social service FBOs, we also wanted to identify these organizations' needs in terms of strengthening their current ventures or assisting them in launching new ventures. We explored this topic with all respondents except those who indicated that they were not currently venturing and had no interest in venturing.

> ***FBOs say that access to capital is their #1 need. But they also state that training, business planning assistance, and counseling would be "very valuable" to them in exploring earned income venturing opportunities.***

We provided respondents with a list of potential kinds of aid and asked them to rate each type as "very valuable," "somewhat valuable," or "not very valuable." Access to capital stands out as the single most valuable kind of assistance for all the respondent categories. (See Table 11 – note that the entries are the percent of respondents identifying the assistance type as "very valuable.") For groups not venturing and unsure about doing so in the future, marketing research, and business planning

| **TABLE 11: How Valuable Are Different Types of Venturing Assistance?** | | | | |
|---|---|---|---|---|
| ***Assistance Type*** | **Venturing** | **Not Venturing** | | **ALL** |
| | | Unsure | Interested | |
| *Access to Capital* | 58% | 79% | 96% | 74% |
| *Marketing Research* | 37% | 59% | 69% | 51% |
| *Peer Support* | 29% | 51% | 69% | 46% |
| *Business Planning* | 23% | 58% | 71% | 45% |
| *Hands-on Counseling* | 21% | 47% | 83% | 45% |
| *Workshops* | 20% | 56% | 64% | 41% |

*Note: The percentages listed are the percent of respondents identifying the assistance as "very valuable."*
*Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004. n= 220.*

***Habitat for Humanity's "ReStores" Building Supply Stores***

Some of the Habitat for Humanity affiliates interviewed in our 12-city survey have worked with the national headquarters to develop Habitat ReStores -- retail outlets where quality used and surplus building materials are sold at a fraction of normal prices. At the Memphis Habitat for Humanity's ReStore Building Center, for example, patrons can purchase building supplies for 50% to 90% below retail prices. A new quart of paint, for example, costs just a buck. Proceeds from ReStores help local affiliates fund the construction of Habitat houses within the community. For some affiliates, the earned income from the ReStores allows them to build up to an additional 10 or more houses per year.

Materials sold by Habitat ReStores are usually donated from building supply stores, contractors, demolition crews or from individuals who wish to show their support for Habitat. In addition to raising funds, ReStores help the environment by rechanneling good materials into use so that they don't end up adding to landfills.

ranked next. For groups not currently venturing but interested in doing so in the future, hands-on counseling and business planning ranked next.

Having identified the range of assistance types and their relative perceived value, we then inquired as to what single form of assistance ranked as the most valuable. Here again, access to capital ranked first for all groups (see Table 12). The unsure groups ranked workshops next, and the interested groups ranked business planning next.  A comparison of the last two tables is quite interesting: all forms of assistance are seen as valuable, but some more than others.

| **TABLE 12: Most Valuable Type of Venturing Assistance** | | | | |
|---|---|---|---|---|
| ***Assistance Type*** | **Venturing** | **Not Venturing** | | **ALL** |
| | | Unsure | Interested | |
| *Access to Capital* | 53% | 42% | 59% | 51% |
| *Marketing Research* | 24% | 4% | 9% | 14% |
| *Hands-on Counseling* | 12% | 13% | 11% | 12% |
| *Business Planning* | 5% | 17% | 13% | 11% |
| *Workshops* | 5% | 20% | 6% | 9% |
| *Peer Support* | 1% | 4% | 2% | 3% |

*Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004. n= 220.*

Beyond the types of venture assistance noted in the survey questionnaire, FBO respondents offered a large variety of suggestions as to what they need in order to run more successful ventures or launch new ones. Table 13 summarizes several of the more commonly voiced suggestions:

| TABLE 13: Other Kinds of Assistance Mentioned by FBOs as Valuable |
|---|
| 1. A grant writer |
| 2. More information – an orientation to the benefits and risk of venturing; examples/ models of how other nonprofit social service agencies have been successful with earned income ventures |
| 3. More training – forums for public discussion and discourse and in-depth seminars |
| 4. Leads on potential venturing opportunities |
| 5. Office space |
| 6. More operating grants, to free up cash to do something innovative like an earned income venture |
| 7. More information on low-capital ventures that could work for smaller FBOs |
| *Source: Hudson Institute Faith in Communities FBO Venturing Survey 2004. n= 220.* |

## Conclusions and Implications

Although to our knowledge this is the largest formal survey of venturing among social service FBOs, our limited number of cases (265) cautions against making grandiose claims. For example, we performed more detailed analysis on whether the size of the nonprofit influenced the likelihood of its venture's financial success. The data showed that smaller budget FBOs were less likely than larger FBOs to be operating ventures that required no subsidy. But the number of cases in our study was too small to allow any firm conclusion on this issue.

It is also important to note that although we interviewed FBOs of a wide range of sizes, fully half of the sample was composed of FBOs with annual budgets of less than $350,000. Twenty-seven percent of the FBOs had annual budgets of less than $100,000 and fully half enjoyed a paid staff of five or fewer employees. In short, many of these FBOs are quite modest in size and resources.

Nonetheless, we have heard from a considerable number of FBOs located throughout the nation and have gained some important insights into current practice. Our survey has revealed that:

- Over one-third of the social service FBOs interviewed is currently operating an earned income venture, and a significant additional segment of the sample (45%) has interest in exploring the possibilities of earned-income venturing.

- Consistent with the findings of a major Yale University-sponsored survey of enterprising nonprofits, our survey indicated that older and larger (in terms of staff and budget) FBOs were more likely than younger and smaller FBOs to be engaged in venturing.

- It is notable, though, that roughly one-third of the FBOs that are operating earned income ventures are quite modest in size, having limited staff and money. These groups have been willing to take the risk of investing in an earned income venture and have successfully launched one.

- Many different types of FBOs – of varying religious affiliations and focused on a wide variety of social service missions – are engaged in venturing. No one denomination or social service type appears to have a corner on the venturing market.

- Only 37 percent of the ventures run by FBOs are breaking even or generating a profit. This suggests the difficulty of the enterprise and many venturing FBOs' need for assistance in strengthening their efforts.

- FBOs not currently venturing, but interested in doing so in the future, listed access to capital as their number one need. Nonetheless, these groups are also hungry for a variety of non-monetary help: they stated that business planning assistance, training workshops, and counseling would be "very valuable" forms of aid. In addition, a common comment we heard in the telephone interviews was that non-venturing FBOs wanted to learn more about "who is doing this" – they wanted to know of models of successful ventures.

***Earned Income Venture Strategies for Small FBOs***

In their information-packed essay, "Social Entrepreneurship Basics,"[1] authors Andy Horsnell and John Pepin offer advice to small nonprofits that desire to diversify their revenue stream by launching an earned income venture. Modest-sized nonprofits, they argue, can build a business strategy that involves activities based out of their existing facilities. For example, the group could:

- **Provide its own product or service within a current program**
For example, a sheltered workshop that employs mentally handicapped adults could produce some sort of product, such as workbenches, for sale.

- **Re-sell another's product or services**
In Mississippi, Thriftco is an earned income venture that collects new but slightly damaged clothing goods that are discarded by clothing makers, repairs them, and offers them for sale at discounted prices.

- **Leasing extra office space to a small business**

- **Providing a unique service based on specialized knowledge for a customer willing to contract**
In California, Korean Churches for Community Development (KCCD) has developed an innovative partnership with Fannie Mae. For years, Fannie Mae wanted to penetrate the southern California Asian immigrant community with information about its services and programs – including programs to help moderate-income families purchase a first home. KCCD has credibility and "entrée" into the Korean immigrant community; staff speak the language and know how to navigate the subculture. Now KCCD is paid a fee by Fannie Mae to sponsor open houses and home ownership fairs at which Fannie Mae presents its information (translated by KCCD staff into Korean).

Low-capitalization strategies like these involve "simply enhancing or re-packaging" what the nonprofit is already doing or already has. In this way, the nonprofit can start small—and more quickly. And starting small means less required investment and risk.

[1] Andy Horsnell and John Pepin, "Social Entrepreneurship Basics" in *Front & Centre*, Vol. 9, No. 4 (July 2002).

In sum, the survey points to the need for greater public discussion within the faith-based community on the topic of earned income ventures. Some venturing groups are struggling and need to improve their venture's performance. Many FBOs are interested in venturing, but lack capital and know-how. They desire information that would help them assess the costs and benefits of venturing and need training and assistance in business planning. Given that so many FBOs are modest in size, creative ideas for earned income ventures requiring only modest capitalization are in great demand. (See sidebar for some creative low-capitalization ideas.)

In 1997, the IRS issued a study showing that nonprofits had received $4.2 billion dollars from outside business dealings. This was more than double the total in 1990.[10] The study reveals that nonprofits are increasingly looking to innovative earned income ventures to provide them with the money required to advance their mission. A more recent survey of nonprofits—half of which were social service organizations—by the Johns Hopkins Center for Civil Society Studies indicates that many groups are responding to current financial challenges by becoming more entrepreneurial.[11] Many have initiated fee-for-service programs and some have launched profit-making subsidiaries. These kinds of creative and aggressive responses may be needed in a climate of economic weakness and government budget cuts. Some FBOs ignorant of the potential benefits of venturing need to be educated about and exposed to entrepreneurial venturing. Others with naïve enthusiasm about venturing may need a healthy reality check that carefully and thoroughly assesses the costs and risks of venturing. In either event, in the interests of financial sustainability and revenue diversification, it behooves faith-based nonprofits to catch up to their secular counterparts in understanding this important topic.

[10] Harvy Lipman and Elizabeth Schwinn, "The Business of Charity," *The Chronicle of Philanthropy* (October 18, 2001) cited in *Enterprising Nonprofits*, p. 15.
[11] Lester M. Salamon and Richard O'Sullivan, *Stressed but Coping: Nonprofit Organizations and the Current Fiscal Crisis*, (Johns Hopkins University Center for Civil Society Studies, January 2004).

## RESOURCE GUIDE: Organizations and Web Sites with Additional Information on Nonprofit Earned Income Ventures

### *Helpful Websites*

**Institute for Social Entrepreneurs**
www.socialent.org - The Institute for Social Entrepreneurs is a for-profit consulting company that provides education, training and consulting services for social entrepreneurs in the United States and abroad.

**Social Enterprise Alliance**
www.se-alliance.org/news.cfm - Social Enterprise Alliance is a membership organization "leading the creation of a social enterprise movement." SEI mobilizes communities of nonprofit organizations and funders to advance earned-income strategies.

**Community Wealth Ventures**
www.communitywealth.com - Community Wealth Ventures helps nonprofit organizations become more self-sustaining by generating revenue through business ventures and corporate partnerships.

**Yale School of Management/ the Goldman Sachs Foundation/Partnership for Non-Profit Ventures**
www.ventures.yale.edu - The Partnership on Nonprofit Ventures educates nonprofits about nonprofit enterprise and serves as a mechanism for capitalizing promising profit-making ventures with financial support. The Partnership's website is rich with informational resources on earn-income venturing and also provides details on its signature event, the National Business Plan Competition for Nonprofit Organizations.

**NpEnterprise Forum**
www.npenterprise.net – NpEnterprise Forum is the premier listserv of the field of social enterprise, sponsored by the Social Enterprise Alliance. It is moderated by Rolfe Larson and Andy Horsnell.

**National Social Venture Competition**
www.socialvc.net - The National Social Venture Competition, a partnership of the Haas School of Business at the University of California at Berkeley, Columbia Business School, and The Goldman Sachs Foundation, is a nationwide business plan competition that promotes the creation of social ventures - businesses and nonprofit organizations with both financial and social returns on investment. Each entrant team includes at least one current MBA student from any school worldwide, and each completes a social return on investment (SROI) analysis. Entrants from over 30 MBA programs competed for $100,000 in awards in 2002, with ventures targeting education, environment, alternative energy, international development, microfinance, community development, and health.

**Nonprofit Finance Fund**
www.nonprofitfinancefund.org - Nonprofit Finance Fund (NFF) is a federally certified community development financial institution (CDFI) that provides money and advice to help nonprofit organizations meet their long-term strategic goals.

**Nonprofit Venture Network**
www.seedco.org/nvn - Nonprofit Venture Network (NVN) is a national effort spearheaded by Seedco

that provides nonprofit organizations with the supports they need to develop for-profit social purpose businesses.

**Partners for the Common Good**
www.pcg21.org - PCG is a faith-based, nonprofit international community loan fund that applies the ethical principles of the "common good" to investment choices. PCG lends to nonprofit borrowers engaged in innovative and high social impact activities, including affordable housing, small business development, and other initiatives. 80% of PCG's portfolio is domestic and 20% is international

**Seedco**
www.seedco.org - Seedco is a nonprofit national intermediary providing financial and technical assistance to partnerships of community-based organizations and local anchor institutions, such as universities and hospitals, working to revitalize low-asset communities.

**Center for the Advancement of Social Entrepreneurship (CASE)**
faculty.fuqua.duke.edu/centers/case/overview.htm - CASE is a research and education center dedicated to promoting social entrepreneurship through a mutual learning process that engages social sector leaders, business school faculty, and MBA students. Its primary goal is “to create greater social impact by encouraging innovation a and enhancing effectiveness in social sector organizations.”

**Entrepreneurial Training Institute (ETI)**
www.njeda.com/ETI - For nonprofit organizations based in New Jersey, the ETI offers training to nonprofit entrepreneurs through a partnership with the NJEDA, the New Jersey Department of Community Affairs Office of Faith-Based Initiatives, and the Seton Hall University Institute of Work (IOW). The ETI program covers such practical topics as goal setting, financing and marketing. Students develop a business plan for their own businesses (to obtain financing, the development of a business plan is mandatory). Once ETI classroom sessions are completed, the business plans are submitted to a panel of banking, accounting, law, marketing and economic development professionals for a thorough review.

## *Additional Helpful Organizations*

**Roberts Enterprise Development Fund**
www.redf.org - The REDF partners with Northern California non-profit organizations to provide jobs and training opportunities in social purpose enterprises. The REDF page contains general information about the field of nonprofit enterprise, goals, and strategies.

**Ashoka**
www.ashoka.org - Ashoka's mission is to develop the profession of social entrepreneurship around the world. Ashoka supports individual social entrepreneurs with financial and other services.

**Social Venture Partners**
www.svpseattle.org - Social Venture Partners is a nonprofit, volunteer-driven organization dedicated to addressing social and environmental issues in the King County region of Washington. SVP links community professionals and nonprofit organizations to make a hands-on difference.

**The Wilder Publishing Center of the Amherst H. Wilder Foundation**

www.wilder.org/pubs/index.html - offers a variety of resources of interest to nonprofits interested in strengthening their organizational capacity, building financial sustainability, and exploring earned income venturing.