



Social Enterprise Leaders Seek Policy Advances

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www.community-wealth.org, May 2010

More than 700 social enterprise leaders and activists from the United States and more than two dozen other nations came to San Francisco, California on April 28th through April 30th to participate in the eleventh national Social Enterprise Summit and third annual Social Enterprise World Forum. Titled “A New Approach, A New Economy,” the conference was marked both by new enthusiasm for the possibilities for social enterprise to receive greater public support in the post-financial crash world, as well as continuing debate over how social enterprise should define itself and its role in the new economy. Jim Fructerman, CEO of Benetech and Chairman of the Board of the Social Enterprise Alliance began the conference on a hopeful note, “We are on the brink of a new era for social enterprise,” Fructerman said.

This conference marked the first time that the Social Enterprise World Forum was held in the United States. Not surprisingly, the presence of a sizeable contingent of attendees from outside the United States gave the proceedings much more of an international flavor. The first panel contrasted the state of social enterprise policy in the United States, Great Britain, and Canada.

Without question, Great Britain has been an international leader in social enterprise policy. Peter Holbrook, CEO of the Social Enterprise Coalition noted the movement’s rapid growth. “The Coalition was founded in 2002,” Holbrook said, “There are now 62,000 social enterprises responsible for one percent of GDP that employ 800,000 people. Five-to-seven years ago, we were very much on the periphery.” Holbrook further indicated that over 4,000 companies throughout the United Kingdom are now registered under a new corporate form—the community interest corporation. So called “CICs” are a “hybrid” type of organization that stands between the traditional “charity” or nonprofit form and the traditional “limited” or corporate form. Unlike charities in Great Britain, the CEO of a CIC is entitled to be on the board of directors; at the same time, CICs face requirements that for-profit companies do not, including restrictions on the distribution of dividends and the need to make annual reports to the government on their social benefits, in addition to standard financial reporting requirements.

In Canada, according to Annie Jamieson, CEO of the Toronto Enterprise Fund, “We currently don’t have a national strategy, but we are slowly building consensus from the grassroots up.” In Quebec, social enterprise, “has become a strong part of the provincial way of doing business,” said Jameson. “It’s a good model for the rest of the world and the country to look at,” she added. But in the rest of the provinces, action to date has been limited. There are, however, three provinces that have tax credits that favor social enterprise and some Canadian cities have also initiated policies, including Toronto and Edmonton. At the federal level, the Department of Human Resources has also been supportive.

Addressing policy in the United States was Kathleen Martinez, Assistant Secretary for Disability Employment Policy of the US Department of Labor. Martinez mentioned that two Department of Labor programs, the Youth Build program and the Pathways Out of Poverty (green collar jobs) program could be considered social enterprise. But she acknowledged that, “at the Department of Labor, many folks don’t think of Green Pathways or Youth Build as social enterprises.” Martinez also noted, “The Department of Education does know that Jim Fruchterman [of Benetech] is running a social enterprise [but] that may be the only agency that does.” Martinez encouraged social enterprise leaders in the United States to step up their advocacy efforts. “The iron is hot. This is the right time to strike. We have the support of Obama to look at new models. We need to be educated about this and it’s a perfect time to do it,” Martinez said. Martinez pointed out that some “One Stop” centers in the Department of Labor-supported network were experimenting with business incubation and that might be one point of entry. Another point of entry, Martinez suggested, was to get provisions encouraging social enterprise incorporated into the Workforce Investment Act reauthorization bill.

Also highlighted at this panel was the importance of developing a broader and more commonly shared understanding of the social enterprise movement. Jamieson, in her presentation about Canada, emphasized the need to develop a “common language.” Holbrook too highlighted the importance of this: “We were previously very fragmented,” Holbrook said, “We had cooperatives, development trusts, social trusts, and employee owned organization. It was a very confusing landscape.” Indeed, it is notable that two of the primary examples of social enterprise Holbrook presented were the Cooperative Bank (which saw increasing profits in 2008, even as the British financial sector collapsed) and John Lewis, an employee-owned department store. Although the United States has plenty of Employee Stock Ownership Plan (ESOP) companies and cooperatives, neither in this nation is commonly referred to as “social enterprise.”

An afternoon panel focused less on social enterprise and more broadly on the importance of social innovation (i.e., developing new social systems) to provide, in the words of Alan Webber of the magazine *Fast Company*, “Solutions that work for problems that matter.” Roseanne Haggerty, CEO of Common Ground in New York City, talked about the benefits of applying a more systemic approach to homelessness intervention. A housing-only approach to homelessness, Haggerty pointed out, failed to solve homelessness. By applying a comprehensive system of housing plus social service supports (job assistance, health care, child care, etc.), Common Ground was able to help New York City reduce homelessness by 30% and cut down homelessness in Times Square to near zero. As Haggerty pointed out, the cost of the needed services is high: about \$14,000 per person. However, that cost pales in comparison to the cost to the City of a person remaining homeless, which totals closer to \$41,000. “Homelessness is really a manifestation of system breakdown – where housing, employment, mental health, or health care system failure,” said Haggerty. “Once you think about it as a comprehensive approach, it works.” The Common Ground model is now being adopted in a set of 20 U.S. cities nationwide.

Kenneth Kaplan of MIT Collaborative Initiatives seconded Haggerty’s message about the need for a comprehensive approach to solving social problems. Looking at health care, Kaplan’s group found that a key driver of U.S. health problems is a, “Broken down food system that since the depression has been based on efficiency and quantity at the cost of quality. “You’re not going to change your health system unless you change the food system, Kaplan added.

A third panel returned to the topic of social enterprise – this time less from a policy perspective and more from a movement-building perspective. Chid Liberty of the Liberian Women’s Sewing Project and Business Alliance of Local Living Economies, talked about his organization’s work “building local economies and fair trade internationally.” This includes a project in Liberia that is the first Transfair-certified fair traded sewing production company. Profits from the firm are reinvested in a community development fund. Leila Chirayath Janah of Samasource described social enterprise as non-loss, non-dividend companies. “ We can create business that solve big problems and make just enough to keep operating the business,” Janah said. Elliott Brown, CEO of Springboard Forward, explained that his group promoted building a better workforce for companies as a means of improving wages and compensation and life chances for employees. By increasing the engagement of employees, Brown said, employees see results “We get people who get promoted, who go back to school, to pursue their dreams – see their job as a learning opportunity, not just a matter of clocking in and clocking out. And the business sees a very different workforce.”

Ethel Coté of the Canadian Centre for Community Renewal encouraged social enterprise leaders to take a broader perspective. “We are in a very difficult situation [economically],” she said. “Our values include global solidarity, working together and really investing in local capacities in every community. I’m part of the Social Enterprise Coalition, and the Social Economic World Forum, and the global solidarity economy movement. US Solidarity Economy Network: No one knows about it because we work in silos. We want an economy serving society and not the other way around.”

For more information on the Social Enterprise Alliance, see: www.se-alliance.org.