

Who's a Social Entrepreneur: A Conversation with Ida Cheinman, Principal, Substance 151

by NEWT FOWLER



There's a lot of noise these days, in Baltimore and beyond, around the "social entrepreneur" movement. For some it's an alchemic promise, marrying money and mission to solve intractable societal issues that others failed to solve. The more cynical

might see it as a movement that allows the palliative warmth of talking a good game about changing the world while earning a comfortable hybrid and a LEED designed home. Social Enterprise is a confusing movement that's hard to understand. So I sat down with **Ida Cheinman**, who has been in Baltimore's conversation on Social Enterprise for a while. We worked past the labels to gain a better understanding of what makes an organization a Social Enterprise and its leadership a social entrepreneur.

Past the Label. One could debate endlessly (and some do) what makes an organization a "Social Enterprise." With help from the [Social Enterprise Alliance of Maryland](#) (SEA), there's one common characteristic: these organizations achieve their social or environmental mission by employing entrepreneurial business methods or strategies. The SEA's definition shows the

dichotomy that Ida explored. It's two different DNAs – one rooted in the mission driven nonprofit world and the other rooted in the profit driven entrepreneurial world.

Brackish Water. A couple of other qualifiers again from the SEA: first mission, second money:

- As to mission: Social Enterprises addresses societal needs through their products and services or through the disadvantaged they employ. Most of us work for organizations that view themselves as “socially responsible,” but while our organizations might make donations or recycle or support community projects, when the day is done, the profit motive drives us. What distinguishes Social Enterprises is that while they act like entrepreneurs one finds in a profit driven business, they are ultimately mission not profit driven.

- As to money: Social Enterprises use earned revenue strategies to pursue what is called a double bottom line – where the revenue that sustains operations is earned through a business that helps the social sector behind their mission, or by employing the disadvantaged from that sector. Charitable contributions and public sector subsidies, the lifeblood of traditional nonprofits, are used by Social Enterprises either as seed capital to get the organization to be self sustaining or as a subsidy to cover a revenue shortfall. This concept of making money – of having a sustainable revenue strategy – makes a Social Enterprise fundamentally different from a traditional nonprofit.

How Did We Get Here? From our conversation, I realized we got to this brackish water – of the confluence of nonprofits and entrepreneurs, of mission and money – in large part for two reasons, one out of necessity, and the other due to a sea change in what increasingly matters to people.

Of Necessity: Death of Grants. We got here out of necessity because, as Ida suggests, “grants and government support are drying up”. So the more agile mission driven organizations are seeking out sustainable revenues out of necessity. Those organizations that realize that the current environment “requires them to marry economics with mission.” Ida continues, “Social Enterprise is founded on business principals no longer reliant on charity and grants.” Such a strategy, she concludes, makes them “more sustainable long term.” What’s interesting is that some organizations view sustainable revenues with reluctance as a necessary evil, while others increasingly embrace the other benefits of bringing entrepreneurship to this new mission driven world. And

while Ida didn't say it, I will: the younger you are, the more likely you're in the camp embracing change. Older nonprofit sorts struggle in the muck of this Cambrian moment.

Of Sea Change: What's in a Brand. So Ida and I jumped into the second driver of the Social Enterprise Movement by starting at a very different place – with what a brand – for a person or an organization – means. While Substance 151 is a brand and marketing firm, this concept wasn't a plug by Ida. “Brands are no longer built around products and services but around purpose.” “Ida continued, “and ‘social responsibility’ is no longer a label about the hippies from the 60's.” As others have suggested before in this column, Ida is of the school that “a driver for why people want to come work for companies [is whether] that business enables them to give back as they want to.” And Ida adds, “without the company losing its purpose.” So folks want to work in an environment where they can earn a decent living and make a difference. This leaves, as Ida recognizes, organizations “struggling with the balance between market based compensation and reduced revenues from the time spent on social mission.” For organizations, “this is not an either / or choice.” Ida continues, organizations must “find a person that's good at what they do but is also mission driven, and they exist.” In short, organizations today must stand for something more than a product or service: the brand must show a purpose – whether that's a shared social mission as found in a Social Enterprise or support of individual or collective missions reflected by employee consensus as found in a socially responsible organization.

Who Cares. If you're still reading this column, I suspect you're struggling with “who cares?” Well as you watch your workforce die off and are increasingly stumped by why you're not seeing promising talent knocking on your door, it may very well be that the talent you want is entering the door of an organization where its purpose – the soul beyond the product or service – resonates. Ida suggests that “the generation coming out of schools now are not only oriented to mission but are taking classes – available and promoted in academia including business schools – on social responsibility and entrepreneurship.” “There is a new DNA coming out of schools.” She continues, “this change is generational, those dreaded Millennials - they do care what kind of company they work for – it doesn't have to be labeled Social Enterprise or sustainable but they want to find that they get to do something that matters. And if our organizations don't realize this, then we will be left recruiting from the leftovers, wondering where all the talent went...

Ironically, understanding this Social Enterprise movement allows one to get a grip on what we (as organizations) need to become in order to hire who we want to realize our future. Whether we have a higher purpose than dollars (or not), our workforce increasingly cares.

For more information on Substance 151: <http://www.substance151.com/>



For comments about this column or thoughts on future conversations, let me know at:

nfowler@rosenbergmartin.com

With more than 25 years experience in law and business, **Newt Fowler** loves advising many of Greater Baltimore's entrepreneurs and technology companies, guiding them through all aspects of business planning, technology commercialization,

M&A and financing transactions. He serves on the Boards of the Innovation Alliance and TEDCO.

Posted in and tagged with .

Original URL:

<http://baltimore.citybizlist.com/article/who%E2%80%99s-social-entrepreneur-conversation-ida-cheinman-principal-substance-151>