

A joint publication from the John J. Heldrich Center for Workforce Development and the Kessler Foundation

Social Enterprise Businesses: A Strategy for Creating Good Jobs for People with Disabilities

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Introduction

Over the past 10 years, there has been tremendous growth in entities known as social enterprise businesses. This approach has been particularly promising in creating new opportunities for individuals with disabilities in emerging and growth industries. Over the past five years, the Kessler Foundation's "Transition to Work" grants program has invested \$18 million toward the goal of creating job opportunities for people with disabilities. This investment has included support for several social enterprise businesses in New Jersey, stemming from the Foundation's belief that these businesses have potential for increasing employment of people with disabilities. This report defines social enterprise businesses, identifies different models and how they operate, and illustrates these models with profiles and examples of social enterprise businesses operated by private, nonprofit organizations that employ people with disabilities in community settings. In every case, these nonprofit organizations have formed businesses that are financially viable, recruiting and hiring people with disabilities and affording them the opportunity to work in productive, stable, and useful employment in the community.

What is a Social Enterprise Business?

While there is no single definition of "social enterprise" that is uniformly accepted, there is general agreement that a social enterprise is socially minded and revenue generating.¹ This is sometimes called the "double bottom line" — providing financial and social returns.² (By adding environmentally friendly goals, some even aim for a "triple bottom line.")³ There are numerous approaches that combine a social mission with income generation; yet, not all are social enterprises. Nonprofit organizations, such as those profiled in this report, have long used income generation to support mission-based activities.

The difference between a social enterprise and other earned-income activities is that a social enterprise is planned and operated as a business. Ultimately designed to be financially self-sufficient, it has a long-term vision, is managed for the indefinite future, has a business or operational plan, and has distinct resources devoted to it. A social enterprise aims to achieve both profitability (a financial return) and a social impact, and is governed by a nonprofit Board of Directors. In general, social enterprise businesses are run by managers with business experience, often in the type of business being operated by the nonprofit organization.

Social enterprise businesses have also been used to increase employment opportunities for a number of groups that are underrepresented in the labor market, including low-income women, disconnected youth, homeless people, ex-offenders, and people with disabilities. Such businesses have a great deal of promise for employing people with disabilities.

Starting and operating a business is not an easy endeavor, particularly for nonprofit organizations. Such an undertaking calls for substantial upfront investment of both time and resources. It requires that organizations that have traditionally been committed to their client populations and to understanding their funders' mindsets expand their way of thinking to focus on potential customers for their social enterprise business products and services. The market is not certain, and investments may not pay off. There is risk involved for nonprofit organizations, but, as this report demonstrates, there are also substantial rewards. Many national foundations — such as Roberts Enterprise Development Fund in San Francisco,⁴ the Yale Goldman Sachs-Partnership on Nonprofit Ventures, Ashoka, and the Skoll Foundation — assist nonprofit organizations in starting social enterprise businesses that benefit any number of target groups. Because of its mission, Kessler Foundation has chosen to support nonprofit organizations that both want to and are well positioned to adopt this strategy for people with disabilities.

In preparing this report, the authors were aware of the complicated issues related to employing people with disabilities. Yet, they maintain a belief, based on recent experience and evidence, that social enterprise businesses are a viable strategy for creating good, meaningful employment in which people with disabilities can perform as well as or better than people without disabilities. Criteria were developed for the “ideal” social enterprise that employs people with disabilities. These include:

1. People with disabilities work in integrated, community jobs side by side with people without disabilities;
2. Individuals with disabilities are paid at least minimum wage and preferably market or prevailing wages;
3. Individuals with disabilities have choice in deciding whether to work for the social enterprise business; and
4. There is regular skill assessment for people with disabilities and the opportunity for advancement and promotion where appropriate, or, with the skills developed, movement to another job with another employer.

All of the businesses profiled in this report meet these criteria. Equally important to the way in which people with disabilities are employed is the idea that social enterprise businesses must be run as true businesses, with business plans, participation of individuals with business backgrounds, measures of success, and, most importantly, the ability to sustain themselves as businesses without undue reliance on program funding or grants, other than for start-up purposes. The social enterprise businesses profiled in this report are ultimately designed to be financially self-sufficient.

Why Operate a Social Enterprise Business?

Nonprofit organizations operate social enterprise businesses for both mission-driven and profit-driven motives. For example, they might want to create jobs and advancement opportunities for a target population to whom they are committed. They might want to diversify funding streams, or generate revenue or profit. While social enterprise businesses can create successful outcomes and improve the lives of those affected, experience has shown that social enterprises require significant planning and resources.

Social Enterprises and People with Disabilities: Some Thorny Issues

The history of separation and sometimes institutionalization of individuals with disabilities has a direct bearing on how some people in the disability community react to the idea of social enterprise in the present. Some aspects of earlier practices are still with us, casting a shadow over the very notion of social enterprise for people with disabilities. Some issues include:

A history of “enclave” or “workshop” activities operated by community service providers as businesses, but employing people with disabilities in settings in which they do not work side by side with people without disabilities. A number of programs for people with disabilities, including sheltered workshops, are located in the community but are still separate workplaces. Many advocates for people with disabilities do not support the employment of people with disabilities in separate workplaces.

The existence of sub-minimum wages. Section 14(c) of the Fair Labor Standards Act allows employers to receive a certificate from the Wage and Hour Division of the U.S. Department of Labor allowing them to pay less than the federal minimum wage to workers who have disabilities *for the work being performed*.⁵ These sub-minimum wage rates are often paid to people with disabilities working in enclave or workshop settings. As noted above, a number of enclaves or sheltered workshop activities are operated as businesses by community service providers. While federal law allows sub-minimum wages, they remain controversial among advocates for employment of people with disabilities, many of whom believe that sub-minimum wages and piecework payment have been misused.

“Set-aside” programs at both the federal and state levels, which are intended to increase employment for people with disabilities by giving preference to community service organizations in contracting with public agencies. Social enterprise businesses that employ people with disabilities therefore have a competitive advantage in procurement. However, these programs generally require that 70% to 75% of the people employed under such contracts must be people with disabilities. In some cases, this requirement has the effect of encouraging or maintaining separate employment settings for people with disabilities. Also, some of the businesses operated by community service organizations that benefit in procurement from these set-aside programs pay sub-minimum wages or low piecework rates to people with disabilities. On the other hand, some successful social enterprises that employ people with disabilities in integrated settings paying market wages have used set-aside programs in their “launch” phases but have grown beyond this market as they mature as businesses.

Because of associations with these issues, the very concept of social enterprise alienates many progressive thinkers who are committed to increasing integrated, community employment for people with disabilities. This report presents several positive examples of social enterprise businesses that advance employment of people with disabilities in integrated community settings paying market wages.

Nonprofit organizations that are considering a social enterprise business that will employ people with disabilities must ask themselves some hard questions:⁶

1. What is our purpose in starting a business?
2. What kind of business aligns with our mission?
3. Is our organizational culture entrepreneurial and ready for change?
4. What is the level of risk our organization is willing to take?
5. Do we have access to capital or resources to invest?

6. Does our organization have the management expertise to run a business?
7. Do the agency board and key staff support this concept?
8. How will this venture reflect on my organization?

To illustrate how these businesses operate, profiled below are four organizations that have answered these questions, employing people with disabilities in forward-thinking, market-driven businesses.

Hudson Community Enterprises (<http://www.hudsoncommunity.org>) is a nonprofit organization based in Jersey City, New Jersey, that operates a family of social enterprises — including digital mail management, document imaging, and document shredding — that save business clients money and contribute to a sustainable environment.

GoodTemps (<http://www.goodtemps.org>) is a staffing service operated by Goodwill Industries of Greater New York and Northern New Jersey. GoodTemps places a wide variety of employees — people with and without disabilities — in short- and long-term temporary assignments in the public and private sectors. It is the largest supplier of temporary office staff to the City of New York.

Rubicon Landscape (<http://www.rubiconlandscape.com>) is a full-service landscaping company in Richmond, California, that employs people with disabilities and mental health issues, and others who have been underrepresented in the labor force. Rubicon uses organic fertilizers and has been recognized as a leader in green recycling.

Arthur & Friends (<http://www.norwescap.org>) is a hydroponic farm operated by the Northwest New Jersey Community Action Program in rural northwestern New Jersey. Arthur & Friends actively recruits, hires, and promotes workers with disabilities companywide.

Profile: Hudson Community Enterprises Metro Shredding, Metro Scanning, Metro Digital Mail Management Jersey City, New Jersey

The Organization

Since it was founded in 1957 as a community rehabilitation program, Hudson Community Enterprises (HCE) has focused its efforts on job preparation, training, and job retention services for individuals with disabilities and other barriers to employment. In a typical year, HCE serves approximately 800 program participants.

Why Start a Business?

About eight years ago, HCE began having increasing difficulty placing its clients with disabilities into employment. Maureen Walliser, HCE's president, sensed that this was a result of the loss of local manufacturing jobs, which had previously been a good source of jobs, as well as changing demographics. In addition, government funding for social service agencies was declining. Walliser was determined to find a new model that could be successful in a changing marketplace. As a result, HCE conducted market research on the

concept of running a business enterprise that could employ large numbers of people with various disabilities; provide training, jobs, and wages to help the employees of such a business be self-sufficient; and be profitable, providing additional income for agency operations.

What Business?

HCE did extensive research studying business and industry trends. The organization identified document management services as a business opportunity that met its criteria — it had the potential for marketplace success and could employ people with disabilities. Although document management services had been around for many years, the industry was growing as a direct result of heightened security consciousness following the terrorist attacks of September 2001. Government agencies were also beginning to encourage state agencies and municipalities to have document management systems in place. Federal and state legislation giving community rehabilitation programs a distinct edge in terms of bidding on contracts through “set-asides” provided an additional business advantage. Lastly, the concept of “going green” in business was beginning to emerge and was gaining business support. HCE’s first business, Metro Shredding, started in 2004.

Business Planning

HCE’s board of trustees was coaxed and eventually persuaded by Walliser to support the business concept and explore seed funding options. Around the same time, the Yale Goldman Sachs-Partnership on Nonprofit Ventures announced its business plan competition for nonprofit organizations that were in the early stages of planning for income-generating business ventures. The first-place business plan would receive a \$250,000 award. The prospect of winning start-up funding provided the impetus HCE needed to work with a business consultant to develop a detailed business plan, outlining revenue, expense, and staffing projections. Although HCE did not win the competition, the structure, detail, and financial planning required in the submission provided the roadmap that moved the project forward.

The Businesses: Metro Shredding, Metro Scanning and Metro Digital Mail Management

Metro Shredding began with a \$25,000 grant from Independence Community Bank Foundation, a \$20,000 Hudson County Community Development Block Grant, and a truck donated by FedEx. With additional funding provided by private and corporate sources, HCE purchased a 25-foot truck equipped with state-of-the-art shredding equipment. The business’ first customer was the Jersey City Public Schools, which awarded it a contract for \$7,000.

As a mobile shredding business, Metro Shredding trucks drive to a business site and obtain documents designated for shredding. A driver and an assistant shred the materials in the back of a truck and provide a certificate of destruction to the company. The shredded paper is then taken to a paper recycling facility. The business is bonded and insured. As paid employees, individuals with disabilities perform key work assignments and receive a range of training and support services designed to help them maintain and retain their positions.

As the document shredding business began to grow, HCE realized that there was a market for scanning documents that were targeted for destruction by their current customers.

Establishing a document scanning operation required a different set of business skills and was a far more complicated business to establish than document shredding. To be profitable, the venture would require a large capital investment in modern scanners, computers, indexing software, and the physical space to house equipment and staff. HCE developed procedures to manage incoming orders and to protect and secure customer documents. It is typical in the document scanning industry to perform this work either off-site or on-site at the customer's location. HCE offers both options.

HCE created workflow systems, breaking down each task into smaller steps that could be taught systematically and efficiently to potential workers. The organization had to develop ways to evaluate computer skills, literacy, and other tasks required to assess qualified employee candidates.

Understanding that it was critical to have someone with a solid background in the document imaging industry, HCE hired a business manager from the for-profit sector and other staff with electronic records management experience to help manage the new business and train new staff. The hiring of staff that did not have experience in the nonprofit market and who were unfamiliar with employing people with disabilities created a new set of organizational challenges. Although HCE staff provided guidance and sensitivity training, the fast pace of corporate culture did not often mix well with the slow response of a nonprofit. There was a learning curve on both sides. Nevertheless, HCE believed that hiring experienced staff from the corporate world of document imaging and having a business plan with profitability targets enabled it to quickly launch its social enterprise.

Metro Scanning, a document imaging and digital archiving business, was launched in 2005 with \$100,000 in seed funding from Kessler Foundation. This second-phase business rapidly acquired document management contracts with the help of ACCSES NJ, a not-for-profit trade organization that brokers the services of nonprofit organizations that employ people with disabilities to state and local governments. HCE purchased computers and indexing software, and leased specialized scanners and copiers. The first customer for this business was the same one as for Metro Shredding — the Jersey City Public Schools. This time, the initial contract was for \$82,000 to scan student records. At the preference of the customer, HCE can perform the scanning on-site at the customer's location or off-site at its own facility. The latter is more common in the industry for customers with a large volume of material to be scanned and indexed. However, for its contract work in Newark, New Jersey, HCE has approximately 15 people working on-site at the customer's location.

The success of Metro Scanning led HCE to launch **Metro Digital Mail Management** in 2008. This comprehensive electronic records and content management services bureau uses high-speed scanners to open envelopes, capture images, classify data, and store contents on a secure Internet portal. Business start-up was supported through seed funding of \$387,700 from Kessler Foundation, and was supplemented by loans and other public and private monies. Metro Digital Mail Management was launched in two phases. During the first phase, HCE developed the sales channel, marketing plan, and operational infrastructure; it also created a curriculum, recruitment plan, and training program. The second phase concentrated on developing a customer base. It also included the actual training and placement of HCE trainees at customer worksites. As of November 2010, 15 individuals were handling the daily mail for the Home Improvement Contractors and Charitable Registrations Unit at the New Jersey Division of Consumer Affairs. In addition, mail is picked up, digitized, and distributed for six other New Jersey state boards.

Marketing

By branding these three social ventures as "green," HCE has been able to attract business partners that are reaching out to environmentally conscious New Jersey educational institutions and local municipalities. HCE expanded its business plan, developing a proposal for a suite of complementary businesses centered on document management.

Measures of Success: Employment, Good Wages, and Income Generation

Employment of people with disabilities. As of November 2010, Metro Shredding, Metro Scanning, and Metro Digital Mail Management employed a total of 144 employees — 14 in shredding, 110 in scanning, and 20 in digital mail management. Approximately 70% are people with disabilities.

HCE has a good relationship with the New Jersey Division of Vocational Rehabilitation Services. Many employees of Metro Scanning, the largest of the three businesses, began as program participants in HCE's nine-week document imaging specialist training program. Participants are initially screened by HCE for a required seventh-grade reading level and ability to perform tasks necessary for satisfactory job performance. Following evaluation, each individual completes a nine-week document imaging specialist certification course, which may be paid for in part by the New Jersey Division of Vocational Rehabilitation Services. The course teaches the basics of document management, imaging technology, indexing, and fundamentals of back-office operations. Successful course completers may be hired by HCE.

The New Jersey Division of Vocational Rehabilitation Services funding defrayed the cost of training but did not completely cover it. HCE also obtained funding from the Jersey City Community Services Block Grant Program and the Jersey City Urban Enterprise Zone program to support training for Jersey City residents. Beyond that, it has used its business income to support training of new employees. Individuals employed in Metro Shredding are normally trained on the job by more experienced staff.

It is noteworthy that the three businesses have begun to blend and are beginning to offer customized services in the whole area of enterprise content management. The initial business model has evolved well beyond simple scanning and shredding services into an enterprise content management bureau capable of offering a broad range of customized on- or off-site services. A new range of jobs is emerging from the new business model.

Good wages. As of November 2010, entry-level pay was \$8.50 to \$9.00 per hour. Employees are eligible for productivity incentives that can increase earnings up to \$14 per hour. Full-time employees receive a full fringe benefit package; part-time employees receive mandatory fringe benefits.

In terms of career progression and promotion, most individuals start as records management specialist trainees and then progress to level II records management specialists. About 50% make that progression. From there, they can be promoted to indexing. The very first person with a disability that started in scanning is now a senior supervisor.

Income for Hudson Community Enterprises. The three businesses are projected to gross approximately \$3.7 million in 2011. As of 2010, the businesses accounted for close to 64% of HCE's overall income. The net revenue from the three businesses, after expenses, is approximately 15% of the businesses' gross income, meaning that the enterprise is financially self-sustaining.

Why is Hudson Community Enterprises Successful?

HCE was clear on why it wanted to start a social venture. It identified both its social-minded (jobs for people with disabilities) and revenue-generating (additional, more flexible income for HCE) goals. These reasons fit with the organization's overall goals and needs.

HCE engaged in business planning. In addition to the initial business consultant and plan, HCE conducts continuous business plan reviews in order to capture marketplace opportunities. For example, besides the automatic mail extracting and mail form scanning that was planned for Metro Digital mail, opportunities emerged through health care reform to target electronic medical records that required specialized equipment and software for this specific content management.

HCE has access to sufficient business operating funds. This is particularly critical in the start-up phase. In addition to seed funding, HCE received American Recovery and Reinvestment Act stimulus funding, community development block grant funds, and Urban Enterprise Zone funding to assist in the training and support of the business venture.

HCE had strategic relationships in place before the business was launched. For example, the New Jersey Division of Vocational Rehabilitation Services provided training dollars to fund individuals with disabilities in a nine-week document imaging specialist certification course.

HCE maintains a competitive edge. It is an ongoing struggle to retain competitive pricing while focusing on a social mission. Business customers are not using HCE's services because of its social mission. They see HCE as a competitive vendor that happens to employ people with disabilities. HCE absorbs the cost of needed supports.

HCE grew its agency infrastructure to support a new type of operation. HCE experienced rapid growth with the successful launch of the social ventures, which strained cash flow and required quickly hiring new staff. It hired people with private-sector business experience and people with knowledge of the industry.

The Essentials

As a social venture, Hudson Community Enterprises is accomplishing the "triple" bottom line: financial and social returns in an environmentally friendly business by:

1. Operating businesses in a growth sector (document management) that is also "green".
2. Running these as true businesses, with business plans, participation of individuals with business backgrounds, measures of success, and the ability to sustain themselves as businesses.
3. Employing people with disabilities in an integrated, community setting. Employees with disabilities in each of the three businesses work side by side with people without disabilities.
4. Paying minimum wage or better, depending on the jobs performed.
5. Regularly assessing the skills of its employees with disabilities, with opportunities for advancement, where appropriate, or movement to another job with another employer.

Profile: GoodTemps, the Temporary Staffing Division of Goodwill Industries of Greater New York and Northern New Jersey

The Organization

GoodTemps, established in 1996, is the temporary staffing division of Goodwill Industries of Greater New York and Northern New Jersey, which has provided employment services to employers and job seekers in the New York area since 1915.

GoodTemps operates as a full-service staffing agency with a specialty in placing people with disabilities and other underrepresented populations. GoodTemps is the largest of the 25 staffing services operated by Goodwill Industries member agencies across the United States and Canada. During 2010, GoodTemps had an average of 600 people working in temporary assignments at any one time. Of this number, 85% were individuals with disabilities.

Why Start a Business?

Goodwill Industries has long operated businesses, such as its well-known retail stores. In 1996, Goodwill Industries of Greater New York and New Jersey began to consider starting a temporary staffing service. Goodwill's main objectives were to employ people, especially people with disabilities, in jobs in the community paying market rate, and to generate revenue and be profitable, providing additional income for Goodwill initiatives.

What Business?

Goodwill realized that employer use of staffing services had grown over the past 20 years and that this offered a business opportunity for the organization, which was already in the workforce development business. In 1996, Goodwill Industries was well positioned to take advantage of its membership in the New York State Industries for the Disabled (NYSID), which, in 1994, added "temporary office personnel" to its list of services that all state agencies, public benefit corporations, and local government entities must attempt to procure from a NYSID member before attempting to contract with any other type of provider.⁷ This would allow Goodwill to demonstrate the skill and capability of people with disabilities to perform all types of administrative work in integrated settings.

Business Planning

Initially, Goodwill Industries of Greater New York and Northern New Jersey hired a consultant with a staffing service background to assist with the business planning for the new division. Soon afterward, Goodwill hired David Schoch, who had previous business and customer service experience, to run GoodTemps. He has led GoodTemps ever since.

Three other Goodwill member agencies were already involved in temporary staffing, which provided some in-house expertise within the international organization. Goodwill Industries of Greater New York and Northern New Jersey invested in and supported GoodTemps for its first 18 months of operation, at which point GoodTemps reached its financial break-even point and began to experience a positive cash flow. Because of

the nature of the temporary staffing business, which must pay workers before receiving payment from clients, GoodTemps maintains an ongoing line of credit.

A significant portion of current business is generated through Goodwill's participation in NYSID, the state preferred-source program for people with disabilities. GoodTemps has also won private-sector as well as public-sector contracts through competitively bid procurements.

The Business: GoodTemps

GoodTemps wants to earn a reputation as the best temporary staffing service available in the New York area.⁸ Its main office is in midtown Manhattan, and it has offices at the Goodwill facility in Harrison, New Jersey and the Goodwill store in Elmsford, New York in suburban Westchester County. GoodTemps also conducts a significant amount of business through its highly effective Web site, <http://www.goodtemps.org>.

GoodTemps places many people who have traditionally faced challenges to securing employment, and attempts to expand the types of jobs they are able to obtain. GoodTemps focuses particularly on recruiting and placing people with disabilities. Most of GoodTemps' temporary personnel assignments are in office administrative and professional jobs and require a high level of skill. Many assignments, both full time and part time, are relatively long-term, and generally last from six weeks to six months. GoodTemps is currently the largest provider of temporary staff to the City of New York.

Business Approach

In its initial phase of operation, GoodTemps paid attention to infrastructure — location, configuration of the office, software designed for the temporary staffing industry, and operational procedures. GoodTemps began with two staff members – the director and a receptionist. Today, it has a staff of 30 and, before the recession, had employed as many as 50 staff members.

Beyond infrastructure, GoodTemps' first job was to build a pool of qualified people, including people with disabilities, and this effort continues on an ongoing basis. This is seen as the key to the success of GoodTemps. Business customers expect orders to be filled immediately. Because GoodTemps has pre-qualified candidates, it is able to be a reliable and responsive staffing service.

The heart of GoodTemps' approach is to carefully evaluate each candidate, including a review of previous training and work experience, objective skill assessment, and a personal interview. GoodTemps prides itself on being honest with candidates (and their referral agencies) and gives them constructive feedback that will help them realistically assess their skills and opportunities in the labor market. GoodTemps staff stress that the organization is there to help candidates who want to improve their skills. Candidates who want to improve their skills can take advantage of computer-based skills training offered to candidates registered with GoodTemps at no charge. Training is offered at each GoodTemps office or can be emailed directly to candidates so they can take the training at their convenience.

In addition to candidate screening and preparation, GoodTemps has worked particularly hard to achieve successful relationships with its business customers. Its stated mission is to "alleviate daily staffing pressures by becoming an extension of the businesses we serve."⁹

Business History

GoodTemps' first contracts through NYSID in 1996 were small. Its first customers were the New York Power Authority, the Staten Island Rapid Transit Operating Authority, and the New York City (NYC) Human Resources Administration, and all were for small numbers of temporary workers.

In 1997, additional public agencies, including the NYC Department for the Aging, the NYC Department of Probation, and the NYC Department of Buildings utilized the services of GoodTemps. Since that time, the NYC Department of Sanitation, the NYC Department of Education, and the NYC Department of Health and Mental Hygiene have negotiated contracts with GoodTemps. In New Jersey, through participation in ACCSES NJ, GoodTemps has placed office temporary workers with the New Jersey Departments of Community Affairs, Law and Public Safety, Consumer Affairs, and Military and Veterans Affairs, as well as the City of Newark and the Water Authority.

In 2010, GoodTemps signed a \$90 million, 12-year contract with the NYC Department of Education for temporary and professional services. Also in 2010, the New York Metropolitan Transit Authority, which had been using 46 different temporary staffing agencies, made a decision to utilize GoodTemps as its primary temporary staffing service.

Although a fair amount of GoodTemps' temporary staffing contracts are generated through participation in preferred-source programs, GoodTemps maintains that it must perform under these contracts or its customers would find a way to "opt out of the mandate."¹⁰ GoodTemps has also provided competitive temporary staffing services to approximately 1,400 small and medium-sized companies.

Marketing

The motto on the GoodTemps Web site is "We work for YOU, and with you to get you exactly the people you need." GoodTemps has positioned itself as "people oriented," not "profit-driven" and believes that this message appeals to business as well as individual customers. Several years ago, GoodTemps conducted a marketing campaign on Google, Yahoo, and MSN, with some good results, but its strategy now involves social networking sites such as LinkedIn, Facebook, and Twitter as a means of promoting its service to smaller, private-sector employers and to job seekers.

Measures of Success: Employment, Good Jobs at Market Wages, and Income Generation

Employment of people with disabilities. During 2010, GoodTemps had an average of 900 people working in temporary assignments at any one time. Of this number, more than 60% were individuals with disabilities.

Good jobs at market wages. All GoodTemps temporary placements are at prevailing pay rates and all work is in integrated community work settings. Most of the jobs (70%) are administrative in nature, another 25% are professional, and the remaining 5% are a mixture of other types of jobs, such as warehouse positions. Many GoodTemps temporary placements are not entry-level, and some require professional degrees. The average wage of GoodTemps placements in 2009 was \$19.12 per hour. GoodTemps offers statutory fringe benefits and a health benefit coverage option under which the individual pays the premium.¹¹

Income for Goodwill. GoodTemps has been a successful business for Goodwill Industries of Greater New York and New Jersey, and it meets Goodwill's mission of opening the doors of employment to those with barriers, while generating net revenue. GoodTemps was started as a separate mission-based business, and was not put under the guidance of Goodwill's workforce development or vocational rehabilitation programs. GoodTemps

has generated net revenue of between \$1 million and \$2 million per year since 1999. This income is used to support special initiatives operated by Goodwill Industries of Greater New York and Northern New Jersey, such as Goodwill's family learning centers.

Why is GoodTemps Successful?

GoodTemps was clear in its purpose for starting a business. It had socially minded and revenue-generating goals. These goals are explicitly aligned with the mission of the parent organization (Goodwill), which is "enhancing the dignity and quality of life for individuals, families and communities."¹²

GoodTemps engaged in business planning and is run as a business. It is focused on providing a quality service and being responsive to its business customers. Goodwill Industries of Greater New York and Northern New Jersey supported its early development financially but it has been independently profitable and able to sustain itself for a number of years. GoodTemps has taken some risks in trying to enter particular markets and has learned, through experience, to pursue expansion in its most receptive markets, which are the public and quasi-governmental sector, and the small- and medium-sized business market.

GoodTemps has good relationships with key partners. GoodTemps recruits candidates from a variety of sources and has an especially good relationship with New York's vocational rehabilitation agency, VESID, or Vocational and Educational Services for Individuals with Disabilities (now called Adult Career and Continuing Education Services-Vocational Rehabilitation or ACCES-VR), which, in turn, sees GoodTemps as a valuable resource for its candidates. GoodTemps recruits candidates from a wide variety of organizations, with particular emphasis on those that serve people with disabilities.

GoodTemps has full-time staff dedicated to the business. GoodTemps believes that it is a "formula for failure"¹³ to try to leverage staff from other functions of the parent organization to run a business. The staff at GoodTemps work as a team, including the recruiters, intake and testing staff, placement support staff, and accounting staff, but it is a full-time, dedicated team.

The Essentials

As a successful business with a social focus, GoodTemps is accomplishing the "double" bottom line — financial and social returns — by:

1. Operating a business in a growth sector. While temporary staffing is sensitive to the business cycle, both private and public employers increasingly utilize it as a part of their business model. The staffing service sector has begun to recover from the recession more quickly than employment in general.
2. Operating as a profitable business, with business plans, management by an individual with a business background, measures of success, and the ability to sustain itself as a business.
3. Employing people with disabilities in integrated, community settings. All GoodTemps temporary placements are located at customer agencies and businesses, and work side by side with other employees of these organizations. GoodTemps acts on its belief that people with disabilities have skills, want to work, and want to be treated the same as everyone else.

4. Paying market wages for the jobs performed. The average temporary placement pays approximately \$19 per hour and many jobs pay more. Most are administrative jobs, and some are professional jobs.
5. Regularly assessing the skills of its employees with disabilities. GoodTemps is placing people with disabilities in temporary assignments in accordance with their skills. Goodwill also offers free training to anyone registered with the agency, both on-site at computer labs and through the Internet. Candidates can take these courses anywhere they can access a high-speed Internet connection.

Profile: Rubicon Landscape

A Social Enterprise Business of Rubicon Programs, Inc.

Richmond, California

The Organization

Based in Richmond, California, Rubicon Landscape is a fully licensed landscape maintenance and installation business. It specializes in medium to large properties and public spaces, including parks; corporate, military, and hospital campuses; shopping centers; and apartment communities. It installs landscapes and irrigation systems at new construction sites and utilizes environmentally conscious work methods.¹⁴ Rubicon Landscape has accounts throughout the San Francisco Bay Area. Its Web site, <http://www.rubiconlandscape.com>, is professional; the business markets itself like any other established landscape business.

Rubicon Landscape is owned and managed by Rubicon Programs, a nonprofit organization that currently provides employment, housing, mental health, and other supportive services to individuals who are very low-income, especially people who are homeless or who have mental illness.

After peaking in 2008, with revenues of \$5 million and 80 employees, Rubicon Landscape is successfully weathering the recession, continuing to achieve annual revenue of \$4 million, and continues to employ just over 60 people. Of this number, 15 have significant disabilities, and another 25 are from Rubicon's "target population," which may include individuals who are homeless, have mental health issues, are ex-offenders, or are very low-income. Rubicon Landscape receives no outside funding or subsidies, and has been generating net income since 1995. Most positions are regular, full-time positions. Rubicon has a stable workforce that receives relatively high wages for the industry.

Why Start a Business?

Rubicon Programs was founded in 1973. In its early years, it was primarily a service and training organization that prepared disadvantaged individuals, including people with mental illness, for jobs. In 1986, the organization became interested in operating successful businesses that could provide sustainable jobs for those it serves, rather than solely preparing people for jobs elsewhere. The second goal of these businesses was to raise revenue for the organization.

In operating social enterprise businesses, Rubicon's goal is to operate a sustainable business while also:

1. **Achieving Rubicon's social mission.** Rubicon Programs' agency mission statement is "to prepare very low-income people to achieve financial independence and to partner with people with mental illness on their journey of recovery";¹⁵ and
2. **Preparing people for jobs** both within the social enterprise and, by developing transferable skills, outside it.

What Business?

Over the years, Rubicon Programs has made several attempts at different businesses. Rubicon Landscape (discussed in detail below) was first and evolved very slowly. Rubicon Bakery, which makes quality, expensive cakes and tortes and created a "brand name" for itself, was operated by Rubicon Programs from 1994 to 2009. At that time, Rubicon Programs sold the bakery to a private proprietor in an arrangement under which the new proprietor would retain all employees and, as the bakery grew, route residual payments back to Rubicon Programs. Rubicon also operated a home-care business that closed in 2002 due to a lack of sustainability.

Rubicon Landscape has been successful. It has several advantages. On the social mission side, the landscape business has been found to be well suited to people with every level of skill. There are jobs that require no prior training or experience and jobs that benefit from prior experience. There are opportunities for advancement within the business or by moving to another employer. On the business side, landscape contracts can be sufficiently large, enabling Rubicon Landscape to be self-sustaining.

The mission statement for Rubicon Landscape is "to provide stable employment and livable wages to people from disadvantaged populations while offering premium landscape maintenance services and dedicated support to our customers."¹⁶

Business Planning

For Rubicon Programs, the road to a successful social enterprise business included many twists and turns. While some profiles of Rubicon Landscape date its establishment to 1978, it did not become a serious business until at least 1990 and, due to the organization's inexperience in operating a business, did not become self-sustaining until 1995.

Rubicon Programs was interested and motivated to run a successful social enterprise business. Its association with the Roberts Enterprise Development Fund (REDF) provided a good partnership for moving forward. From 1990 to 2005, Rubicon Programs was in the "portfolio" of REDF, which is a San Francisco-based venture philanthropy organization that views its philanthropic activities as investments. REDF invests as if it were a venture capitalist, using the same hands-on, fully engaged approach.¹⁷

REDF sought to partner with nonprofit organizations "in the early stages of starting or running revenue-generating businesses that intentionally employ those most disconnected from the workforce."¹⁸ REDF provided money, business assistance, and staffing to support Rubicon Landscape in its efforts to become self-sustaining. REDF helped Rubicon to:

1. Hire a consultant to conduct a strategic analysis of the agency, identify new businesses, and prepare a business plan.¹⁹ In 1990, Rubicon Programs received a planning grant of \$10,000 from the Roberts Foundation's Homeless Economic Development Program for this purpose.²⁰ The analysis suggested that building and grounds maintenance services had great potential for expansion and would have job opportunities for both people with disabilities and homeless people.
2. Obtain the equipment needed to bid on (and win) its first large-scale contract.
3. Hire a full-time marketing and sales staff member.
4. Hire its first enterprise director to run the landscaping business.
5. Hire a full-time Chief Financial Officer.

Rubicon Landscape also benefited by hosting several REDF-funded "Farber" interns. The 10-week Farber internship pays MBAs to apply their business skills to strategic projects in an entrepreneurial nonprofit context.²¹ Now a mature business, Rubicon Landscape is fully functioning on its own and prepares annual operating plans.

The Business: Rubicon Landscape

Rubicon Landscape offers a full menu of landscape maintenance and installation services. Major landscape maintenance customers include the Veterans Administration Hospitals in Menlo Park and Palo Alto, and Treasure Island (a 400-acre former naval base, now a neighborhood in San Francisco).

Major landscape installation customers include: Alameda Towne Center, a shopping center in Alameda; Hamilton Marketplace, a shopping center in Novato; King-Garvey Coop Apartments in San Francisco; and Richmond Senior Housing, a community housing development in Richmond. In keeping with the trend toward greener, sustainable practices, the Web site states that its landscape management practices "protect people, wildlife and the environment." It uses organic fertilizers and treats water as a "precious and costly commodity."²² In addition, Rubicon Landscape recycles most of its green waste.

Business Approach

John Tammen is the General Manager of Rubicon Landscape, with overall responsibility for sales, business growth, operations, and finances. He joined Rubicon in 2005 with 30 years of business and management experience. In addition, the management team at Rubicon Landscape includes a general operations manager, site managers for the larger customers, and a superintendent for landscape installation.²³ There are also marketing and administrative personnel.

The business seeks out customers with broader missions that see the advantages of contracting with Rubicon Landscape. At present, these include government contracts, local developers that must meet goals for local sourcing, and others who value and are willing to pay for quality services. There are currently 40 active contracts, of which the 4 largest contracts are with government agencies. Some of these are contracts through the National Industries for the Severely Disabled (NISH). It is clear to the managers of the social enterprise that the business must operate at a profit and deliver social returns.

Business History

The road to business stability was long. Rubicon Programs' earliest foray into business began in 1978 when it operated a small nursery that employed three to four people. It was intended to be as much a therapeutic experience for the individuals as a source of income. It was not profitable as a business, and in 1984 when some financial support for the nursery was withdrawn by funders, the retail nursery closed and the business spun off into a small-scale landscaping business and retail café.

In approximately 1985, Rubicon obtained a small \$50,000 grounds maintenance contract through NISH at Scagg's Island Naval Base. In 1989, Rubicon began to explore ways to expand its building and grounds maintenance business through NISH and other potentially large contracts.²⁴ At approximately the same time, Rubicon Programs was awarded a grant from the U.S. Department of Labor to provide job training for homeless people and to evaluate successful strategies for doing so. In this effort, it was found that job creation was an important strategy for increasing employment for people who were homeless.

The business "breakthrough" came in 1990 when Rubicon bid on and won a \$500,000 grounds maintenance contract through NISH to provide landscape services at the Oakland Army Base. As noted, Rubicon received some support from REDF to build the infrastructure to win this contract. The contract at the Army base employed 10 to 12 people on a full-time basis.

Between 1991 and 1995, Rubicon expanded its building and grounds service to annual revenues of \$3 million. The enterprise director hired in 1996 had 20 years' experience in the landscaping industry. Under his leadership, Rubicon was able to obtain new contracts in the public and private sectors and set up controls to monitor its financial operations.²⁵ In 1999, revenues were \$3.7 million, entirely from sales. Public-sector contracts accounted for 70% of annual revenues, including federal, state, and municipal; remaining revenues came from private-sector contracts. Rubicon Landscape competes against national and local companies for private- and public-sector landscape installation and maintenance contracts. After reaching a high of \$5 million in 2008, Rubicon Landscape is weathering the recession. It continues to be profitable, and its current revenues are approximately \$4 million per year. It achieved its "break-even" point in 1995 and has been sustaining itself as a business for the past 15+ years. The reduced revenue in the past few years has been due to severe economic conditions. Revenue is expected to increase as the economy improves.

Measures of Success: Employment, Good Jobs, Income Generation for the Parent Organization, and Other Social Impacts

Employment of the target population. As of 2011, Rubicon Landscape employs just over 60 people. Of these, 15 — or 25% — are people with significant disabilities. These primarily include people with developmental disabilities and people with mental illness. Another 25 are from groups typically underrepresented in the labor force, such as people who are homeless, have been incarcerated, or have mental health issues. The remaining 20 employees are individuals without disabilities.

Good jobs at market wages. All employees are paid market-rate wages or better. On some jobs, contracts call for payment of the "prevailing wage." These wages are typically \$18 or \$19 per hour depending on the exact location of the work. Some installation jobs that are defined by law as "construction" are required to pay prevailing wages as high as \$42 per hour. More typically, however, employees are paid \$12 to \$15 per hour for landscape service work. There is no use of the "commensurate wage."

Income for Rubicon Programs. Since 1995, Rubicon Landscape has been self-sufficient, not relying on outside funding for any revenue. The business brings in enough money to reinvest in its own operations and is able to spin off surpluses to support other Rubicon programs.

Rubicon Landscape stresses that it does not position itself as the lowest cost landscape contractor. It positions itself as a quality contractor committed to customer satisfaction and delivering on its mission of offering decent employment to its target population. In the hypercompetitive market resulting from the recession, Rubicon has carefully focused on customers who seek this value proposition.

Other social impacts. As a portfolio member of REDF, Rubicon also agreed to measure additional social impacts that include:

- 1. Housing stability.** This examines housing stability and proportion of income spent on housing before employment in the social enterprise and at an interval after employment.
- 2. Public assistance and service utilization.** Rubicon has also looked at whether its social enterprise employees have stopped receiving public assistance benefits and whether they became insured with private health insurance since becoming employed at a Rubicon enterprise.
- 3. Barriers to employment.** This measure looks at related issues such as substance use; lack of childcare; need for education/skills training; physical, mental, or emotional health issues; and lack of transportation.

Why is Rubicon Landscape Successful?

Rubicon persevered and now has more than 20 years' experience in the landscaping business while pursuing its social mission. The goal is to be profitable within the context of sticking to a social mission. It is now a mature, established business able to adapt to a changing marketplace. By adopting sustainable landscaping practices, such as recycling almost all green waste produced, it is going "green".

Rubicon Landscape has developed an experienced management team. Managers have experience in business and in the landscaping industry. In addition, there is a Chief Financial Officer at the parent organization (Rubicon Programs, Inc.) that makes business decisions for the social enterprises operated by the organization.

Rubicon Landscape has created a good business structure. As an established business, there is a clear chain of command with clear responsibilities that is appropriate to the business and the workforce. Workers are matched to jobs consistent with their interests and skills.

Rubicon Landscape's consistently high quality service has earned it a strong reputation in the landscaping industry. Rubicon Landscape has good relationships with its customers and believes it delivers a quality service.

Rubicon was involved with REDF. The San Francisco-based REDF provided instrumental guidance and support, both financial and otherwise, to Rubicon Landscape and its parent organization, Rubicon Programs, Inc., which was poised to take advantage of this support. To this day, REDF promotes "partnering with our portfolio," including contracting with social enterprises as contractors/vendors and hiring social enterprise graduates.²⁶

The Essentials

As a successful business with a social focus, Rubicon Landscape is accomplishing the “triple” bottom line — financial and social returns along with a “green” or sustainability component — by:

1. Operating in a sector with business opportunities. While money spent on landscaping services is sensitive to the business cycle, it is a business that is needed in the area. There are large installations that make large contracts possible.
2. Operating as a profitable business, with annual business plans, a management team with business experience, measures of success, and the ability to sustain itself as a business.
3. Employing people with disabilities in integrated, community settings. All Rubicon Landscape employees with disabilities work side by side with people without disabilities on every type of contract: those obtained through NISH and other set-aside provisions as well as those obtained through competitive bidding. People with disabilities and other barriers are assigned to every type of contract.
4. Paying market or prevailing wages for the jobs performed, depending on the terms of the particular contract. The typical market wages are \$12 to \$15 per hour and the typical prevailing wage is \$18 to \$19 per hour.
5. Regularly assessing the skills of its employees. All employees are assessed when they start work to make the best match between their interests and capabilities and the jobs available. Given the type of business, Rubicon Landscape is particularly concerned about safety and quality control. Several members of the target population have progressed from lower-level jobs to supervisory jobs. Some people have left Rubicon and moved on to other employers in a related industry.

Profile: Northwest New Jersey Community Action Program Arthur & Friends Greenhouse Project Hunterdon, Sussex, and Warren Counties, New Jersey

The Organization

The Northwest New Jersey Community Action Program is a private, nonprofit corporation originally established in 1965 under the Economic Opportunity Act to service the low-income population of northwest New Jersey — rural Hunterdon, Sussex, and Warren Counties. The Northwest New Jersey Community Action Program now covers a five-county area (that now includes Morris and Somerset Counties) and is involved in a variety of activities and programs, including Head Start, home repair and weatherization assistance for low-income residents, employment and economic development services, and information and referral services. In 2008, the Northwest New Jersey Community Action Program became the home for Arthur & Friends, a social enterprise business that grows and markets organic lettuce, leafy vegetables, plants, and herbs that are grown hydroponically in greenhouses in New Jersey.

With investment from the Northwest New Jersey Community Action Program, Kessler Foundation, federal grants, and other private and public sources, Arthur & Friends now operates greenhouses in Sussex County, Hackettstown (Warren County), and urban Orange (Essex County). It is still a relatively new business and has experienced some growing pains. It currently provides paid employment to 14 individuals, including 9 with disabilities.

Why Start a Business?

Arthur & Friends is the brainchild of Wendie Blanchard, who was motivated to help her nephew, Arthur, a young man with Down syndrome, to enter the competitive workforce and perform meaningful work. Using her degree in marketing, a background in education and public relations, and a love of gardening, Blanchard researched business concepts that would provide jobs for Arthur and his “friends”. One of her goals was to provide employment for “people with disabilities who were considered unemployable and often segregated in institutions and day activity programs.”²⁷

What Business?

Wendie Blanchard was looking for a business that would continue to be in demand in a recession and came upon the idea of growing food. The idea was to develop a business model that included employing people at different levels of expertise so that people with all types of abilities and skills could work in the business. The business also had to be sustainable and able to generate a profit. Hydroponic gardening — growing vegetables and herbs in nutrient solutions — met all of these criteria. Increasing consumer preference for fresh local produce, grown without pesticides and herbicides, made this business seem even more promising. Since most weeds are soil-borne, hydroponic greenhouses are typically chemical free.

She learned about hydroponic farming, packaging the produce, and delivering it to customers in the area. Initially, she conceived Arthur & Friends as a pilot. If successful, the plan was to replicate the project statewide and even nationally.

Dedicated to “cultivating a better planet,” Arthur & Friends Greenhouse Project has a four-part bottom-line mission:

1. Provide fresh, healthy produce for the community;
2. Offer meaningful work for people with developmental and other types of disabilities, and also for others underrepresented in the labor force, such as ex-offenders, at market wages in integrated settings;
3. Prepare people with disabilities to work in other businesses, such as farms, garden centers, and greenhouses; and
4. Become a sustainable business able to generate a profit.

Business Planning

A business plan was initially developed with assistance from graduate students at Cornell University and The Ohio State University. The initial plan set revenue and expense targets and project milestones, and included a competitive market analysis. Break-even was targeted at 18 months after launch.

Starting the project required considerable capital investment and suitable greenhouse space. Blanchard traveled around New Jersey visiting public and private groups to generate interest and obtain start-up capital. A local county official directed her to Terry Newhard, CEO and Executive Director of Northwest New Jersey Community Action, Inc., a community nonprofit agency in Phillipsburg, New Jersey. Newhard immediately saw the potential of this project and sought the approval of his board of trustees to back the project. With a \$25,000 grant from the Northwest New Jersey Community Action Program, Arthur & Friends soon launched at a donated greenhouse on a local farm in Sussex County, New Jersey.

Shortly afterwards, Kessler Foundation awarded the program a one-year community employment grant of \$50,000. This funding provided additional working capital to expand programming, cover training costs, and hire a job coach. Within six months, Arthur & Friends was fully operational and invited by the New Jersey Department of Agriculture to move to its public, quarter-acre greenhouse at the New Jersey County Fairgrounds. In 2009, Kessler Foundation awarded Arthur & Friends a two-year Signature Employment grant of \$500,000 to expand the pilot to two other locations in New Jersey.

The Business: Arthur & Friends

Arthur & Friends grows and markets organic lettuce, leafy vegetables, plants, and herbs that are grown hydroponically in its large greenhouses. The salad produce is sold to the general public at Arthur & Friends' greenhouses and at farmers' markets. Produce is also sold to local restaurants, schools, and participating stores and wholesale markets. In addition, produce and plants are sold via the Internet.

Marketing

Produce is sold to local restaurants such as Andre's in Newton, Chatterbox in Augusta, and Gramercy Tavern in Manhattan. Three large food co-ops in New Jersey are also customers. One of these food co-ops markets Arthur & Friends' produce to a local food distributor working in the Princeton, New Jersey area, which also sells to local restaurants.

Arthur & Friends also promotes itself as a vehicle for changing people's lives through meaningful work. Articles in the *New Jersey Herald* (April 16, 2010), *The New York Times* (March 2, 2011), and others focused on the way the greenhouses have changed the lives of the people with disabilities who have trained or worked there.²⁸

Measures of Success: Employment, Good Jobs, Income Generation, and Other Social Impacts

Employment of people with disabilities. Arthur & Friends is a new business, entering its third year of operation. As of March 2011, the business employed 14 people, including 9 individuals with disabilities.

Many employees of the Arthur & Friends greenhouses began as program participants in its training program. Training program candidates are initially screened by the New Jersey Division of Vocational and Rehabilitation Services or community agencies and are referred to Arthur & Friends for more detailed assessment.

Opportunities for graduates of the program include working directly for Arthur & Friends in its greenhouses; acting as trainers; working at local growers, garden centers, nurseries, or retail stores; or becoming entrepreneurs.

Good jobs. For employees of Arthur & Friends greenhouses, pay rates generally range from \$10 to \$15 per hour, depending on the responsibilities of the job.

Income generation. Currently, Arthur & Friends has three operating greenhouses, two targeted primarily to individuals with disabilities and one targeting primarily ex-offenders. It has funding commitments for two additional greenhouses in New Jersey. In addition, licensing arrangements are now available to organizations interested in replicating this project on their own. Arthur & Friends can provide a start-up kit, training manual, and consulting. A greenhouse program focused on the special needs of returning service members called “Vet & Friends” is also being planned.

However, as noted in *The New York Times* article from March 2, 2011:

The project is not entirely a garden of Eden. The greenhouses are expensive to start. Federal grants, which helped create the first greenhouse, are threatened in next year's budget. Many people would like to work at Arthur & Friends greenhouses. And the program had to navigate a two-year learning curve, as managers experimented with crops to entice chefs, and calibrated the proper balance of hydroponic nutrients in water. But now, Arthur & Friends is licensing its program for \$10,000 a greenhouse, selling other organizations its hard-won know-how. Rutgers University has paid for advice on a planned greenhouse, and a nonprofit group in Portland, Oregon has agreed to do so.²⁹

Other social impacts. In addition to its goal of operating a successful business, Arthur & Friends wants to promote career development and independent living. The organization takes pride in the fact that four training program graduates are enrolled in college courses, that two have moved out of their parents' homes and are now living independently in the community, and that six have secured community employment with other employers after completing the training program.

Why is Arthur & Friends Successful?

Arthur & Friends is still a relatively new business — not even three years old. It has benefited from the energy and commitment of its founder, Wendie Blanchard, and from those who believe in the idea and its viability, most notably the Northwest New Jersey Community Action Program and Kessler Foundation. But it remains a work in progress. It has been successful in a number of ways:

Arthur & Friends was clear on why it wanted to start a social venture. It identified its social-minded (meaningful jobs for people with disabilities), environmentally friendly (“cultivating a better planet”), and revenue generating (become a sustainable business) goals.

Arthur & Friends engaged in business planning. An initial business plan was developed and customers for the greenhouses' products were secured. Market research was performed by visiting restaurants and talking with 25 chefs to see what they thought of the idea and whether they would buy the produce. The idea was considered for approximately two years before anything was initiated.

Arthur & Friends secured capital for start-up and expansion. The Northwest New Jersey Community Action Program provided seed funding, Kessler Foundation provided two grants, and the in-kind donation of a greenhouse and land allowed the launch of the first greenhouse.

Arthur & Friends has strategic relationships with key partners. The New Jersey Division of Vocational Rehabilitation Services provides both referrals for and training dollars to fund individuals with disabilities in the four-module training program. Local Workforce Investment Boards and One-Stop Career Centers have shown interest in working with Arthur & Friends.

Arthur & Friends is still developing as a business and has not yet achieved its break-even point, although it shows great promise.

The Essentials

As a social venture, Arthur & Friends is accomplishing the “triple” bottom line — financial and social returns in an environmentally friendly — business by:

1. Operating in a growth sector that is also “green” — locally grown pesticide-free produce, using 10% of the water, while maximizing the growing area. In 2,000 square feet, the equivalent of seven acres of field-grown produce can be harvested year round.
2. Running as a true business, with business plans, participation of individuals with business backgrounds, and measures of success. The goal is to become a self-sustaining business with net profit beyond operating expenses.
3. Paying minimum wage or better, depending on the jobs performed.
4. Employing people with disabilities side by side with people without disabilities.
5. Regularly assessing the skills of its trainees and employees with disabilities, with opportunities for advancement, where appropriate, or movement to another job with another employer.

Conclusion

While there are many programs and practices being used today by community-based employment service agencies to help people with disabilities be actively and gainfully employed, establishing a social enterprise business can be, for some nonprofits, a viable strategy. The Kessler Foundation, through its “Transition to Work” grants program (<http://www.kesslerfoundation.org>) has invested in such businesses with promising results. Other organizations, with experience in social enterprise development, have continued their work to promote the success of such endeavors. For example, REDF has a new portfolio of six California-based nonprofit organizations for which it will be providing hands-on business and technical assistance to help them start, replicate, and expand social enterprises.³⁰ The former Executive Director of Rubicon Programs, Rick Aubry, has established New Foundry Ventures in order to increase the success of social enterprises and expand the “sphere of impact created by these businesses.”³¹

While social enterprise businesses have been used to increase employment for individuals with a variety of challenges to entering the labor market, the social enterprise businesses profiled in this report have shown great promise in targeting people with disabilities. However, it is important to note that successful social enterprise businesses do not become self-sustaining overnight. The “parent” nonprofit organization must be committed for the long haul. The oldest business profiled (Rubicon Landscape) has been sustainable for 15 years, but this followed a number of years of growing pains. Two of the businesses — Metro Shredding/Scanning/Digital Mail Management and GoodTemps — became self-sustaining after a few years. The youngest business profiled — Arthur & Friends — is still in its start-up period and is not yet a mature business, but shows a great deal of promise.

For community-based providers looking to assist people with disabilities be gainfully employed through the establishment of a social enterprise business, it is important to understand the following lessons learned from Kessler Foundation grantee experience as well as the “critical success factors” identified by REDF, which has done extensive partnering with and investing in nonprofit organizations that have operated social enterprise businesses.³²

For the parent nonprofit organization:

There is a need to identify a compelling and genuine market opportunity for which the organization has a potential market advantage. This will normally require an analysis of the organization’s strengths and a comprehensive planning process. Nonprofit organizations must understand that people will purchase their goods and services because they are the best products, not because the organization is “doing good.”³³ In some cases, the market advantage may include the use of set-aside programs targeted to increasing employment of people with disabilities. In every successful social enterprise profiled, the business diversified beyond the set-aside market.

Operating a social enterprise business must be a good “fit” with the organization’s overall goals and needs.

There must be adequate financing for start-up investments. Additionally, the organization must have a commitment to sound business practice and the financial controls and tools to support a business.

The organization must have a strong entrepreneurial team and a supportive and engaged Board of Directors. It has been suggested that there needs to be a social enterprise champion at the highest level within the organization.

There should be metrics to gauge the success of the enterprise. These would normally include measures for both financial success and social impact.

For the social enterprise business:

The enterprise management staff must possess skills for running a business. These can be generic or industry-specific.

The organizational structure for the enterprise should be separate from the management structure of the parent nonprofit organization.

It is best to diversify customer types so that the business is not overly dependent on one customer or customer type.

It is sometimes a challenge to balance the dual (financial and social) missions. The successful businesses are clear that the social enterprise must stand on its own financially but they are also committed to the parent organization's mission of employing the target population. In some cases, this involves additional costs that must be incorporated into business plans.

The social enterprise must analyze and document what works, in order to build and improve the business.

If approached with sensitivity and care for the target population, and with good business planning and practice, social enterprise businesses can provide good-paying and meaningful jobs for people with disabilities and others who have traditionally been underrepresented in the workforce.

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21. John Tammen, General Manager of Rubicon Landscape Services, observes how the work of three recent Farber Interns successively built upon itself each year to help strengthen the enterprise: "Two years ago, our intern helped us identify the types of customers who would be our best prospects. The next summer's intern helped us create marketing literature — building on the work of the first intern to put together materials that emphasized all the things that our most promising customers would want to see. Then our most recent intern helped us implement systems to assure we deliver the services we promised." This most recent intern was Samantha Nobles from The Anderson School of Business, University of California, Los Angeles, who spent the summer of 2006 developing a quality assurance process and system to help the business better manage its customer relationships. John believes that this process "has definitely created a better working relationship with customers. Actually there's a contract that we're just negotiating right now where the prospect is specifically requesting information on how we will approach quality assurance...and our new system is certainly something that they were impressed with and helped us get the work."
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John J. Heldrich Center for Workforce Development



The John J. Heldrich Center for Workforce Development, based at the Edward J. Bloustein School of Planning and Public Policy at Rutgers, The State University of New Jersey, is a dynamic research and policy center devoted to strengthening the nation's workforce. It is one of the nation's leading university-based centers devoted to helping America's workers and employers respond to a rapidly changing 21st Century economy.

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Kessler Foundation's fundamental strategy is to link science and grantsmanship so that people with disabilities can lead more productive, independent, and fulfilling lives. Kessler Foundation Research Center conducts research that improves quality of life for persons with injuries of the spinal cord and brain, stroke, multiple sclerosis, and other chronic neurological and orthopedic conditions. Kessler Foundation Program Center has provided more than \$20 million in funding to a variety of employment-related projects that are benefitting veterans, young adults, students, and others who are dealing with physical and cognitive disabilities. For more information, visit <http://www.KesslerFoundation.org>.