

# TRAITS OF THE WILDLY SUCCESSFUL SOCIAL ENTERPRISE

*Research shows that there are some common characteristics that most successful social enterprises share. Identify which of these your organization has in place and make plans to shore up areas that need help.*

## Passion for Social Change<sup>1</sup>

Employees of successful social enterprises are driven by a deep and genuine desire for change, rather than the promise of recognition or income. They have a strong set of values that are reflected in their personal lives as well as their work.

## Dedicated and Inclusionary Leadership<sup>2</sup>

Leaders emerge from all backgrounds, experiences, contexts, genders, economic statuses, ethnicities and occupations. A study found that successful social enterprise initiatives were often founded by leaders with the capacity to work with and build bridges among very diverse stakeholders.<sup>3</sup> Dedication, passion and commitment are imperative.

## Use of Data to Drive Decision-making<sup>4</sup>

It is becoming increasingly important for social enterprises to demonstrate their impact<sup>5</sup> - and having accurate data available is critical for decision-making. Successful social enterprises have a “dashboard” to provide key stakeholders with the right data to inform their decision making. Once that information is in hand, it’s important that it actually gets put to use; organizations must be willing to self-correct if the data point in a new direction<sup>6</sup>.

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<sup>1</sup> Ravilochan, T. (2010, November 30). 6 characteristics of successful social entrepreneurs. *Unreasonable Blog*. Retrieved from <http://unreasonableinstitute.org/blog/6-characteristics-of-successful-social-entrepreneurs/>

<sup>2</sup> Dees, J. G., Emerson, J., & Economy, P. (2001). *Enterprising nonprofits: A toolkit for social entrepreneurs*. New York, NY: John Wiley & Sons, Inc.

<sup>3</sup> Alvord, S. H., Brown, L. D., & Letts, C. W. (2004). Social entrepreneurship and societal transformation: An exploratory study. *The Journal of Applied Behavioral Science*, 40, 260–282.

<sup>4</sup> Wolk, A. (2008a) Building a performance measurement system: Using data to accelerate social impact. In Social Enterprise Alliance (Ed.), *Succeeding at social enterprise: Hard won lessons for nonprofits and social entrepreneurs* (pp. 149–168). San Francisco, CA: Jossey-Bass.

<sup>5</sup> McClelland, J. (2011, May 11). Three essential characteristics of a highly successful social enterprise. *Jim McClelland Perspectives*. Retrieved from <http://jimmcclelland.com/2011/05/11/three-essential-characteristics-of-a-highly-successful-social-enterprise/>

<sup>6</sup> Thornley, B., Anderson, J., Dixon, L. (2015) *Impact to Last: Lessons from the Front Lines of Social Enterprise*. Retrieved from <http://redf.org/learn-category/impact-to-last/>



## Culture of Innovation<sup>7</sup>

The organization as a whole must be willing to try new things and think outside of the box. A positive attitude toward potentially useful ideas is extremely beneficial, and a commitment to ongoing innovation is imperative.<sup>8</sup> A study of seven successful social enterprise models across sectors found that a common trait was an emphasis on innovation, both internally and in the larger sector. This innovation was evident in not only the services provided, but in its collaboration with partners.<sup>9</sup>

## Ability to Adapt to Change<sup>10, 11</sup>

The culture of a startup is constantly shifting as the organization grows. Furthermore, even established social enterprises must continuously change to adapt to the broader market. Learning how to manage organizational change is a key to longevity.

## Specialized Niche/Competitive Advantage

Market demand is a major determinant to the success of any enterprise. If the product or service created is not meeting a need, the enterprise will not be financially profitable. The product or service must have a unique quality that separates it from competitors, as well as a strong identity that allows it to stand out in the marketplace<sup>10</sup>.

## Active and Fluid Business Plan<sup>11</sup>

Having a “road map” to follow is essential to the success of an enterprise. Starting with a business model canvas helps you develop your hypothesis surrounding the main areas of your business. Once you have tested that hypothesis, a business plan is useful - as long as it is ACTIVE and constantly updated as you begin piloting your project. Successful social enterprises are able to strike a healthy balance between planning and practice.

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<sup>7</sup> Dees, J. G., Emerson, J., & Economy, P. (2001). *Enterprising nonprofits: A toolkit for social entrepreneurs*. New York, NY: John Wiley & Sons, Inc.

<sup>8</sup> Alvord, S. H., Brown, L. D., & Letts, C. W. (2004). Social entrepreneurship and societal transformation: An exploratory study. *The Journal of Applied Behavioral Science*, 40, 260–282.

<sup>9</sup> Ibid.

<sup>10</sup> Thornley, B., Anderson, J., Dixon, L. (2015) *Impact to Last: Lessons from the Front Lines of Social Enterprise*. Retrieved from <http://redf.org/learn-category/impact-to-last/>

<sup>11</sup> Volk, A. (2008b). Business planning for enduring social impact. In Social Enterprise Alliance (Ed.), *Succeeding at social enterprise: Hard won lessons for nonprofits and social entrepreneurs* (pp. 27–45). San Francisco, CA: Jossey-Bass.



## Effective Networking / Community Engagement<sup>12</sup>

No one person or organization can advance the common good on his or her own. Creating strategic partnerships with other organizations and community stakeholders is crucial to sustaining and growing your social enterprise. To expand your impact, reach out to those who can help you achieve your organizational goals or others on similar paths.

## Ability to Scale

Your business should have growth potential, but everyone starts somewhere. While the tendency is to scale quickly, be thoughtful with expansion capabilities and to ensure organizational health and sustainability for long-term success. Scale can be viewed in terms of number of spin-offs (other business) generated, number of projects taken over by actors outside your organization and impact on larger society.<sup>13</sup> In addition to the other factors on this list, scaling a social enterprise becomes possible through driving efficiency, cultivating large-volume “anchor” customers, increasing collaboration and partnerships, encouraging experimentation.<sup>1415</sup>

## Buy-in from existing organization

If you are starting a social enterprise as part of an existing nonprofit, the board, executive director and other management must agree that operating a social enterprise would be beneficial to the organization. In addition, there needs to be a ringleader/champion responsible for the coordination, support and expertise in the social enterprise. This person should possess both the skills necessary to run an enterprise and the passion to carry the idea through to reality.

## Mission match<sup>16</sup>

Alignment with your existing mission will not only enhance community, constituents and staff support, it will ensure the organization continues to operate according to the needs of the community. If the enterprise operated by a nonprofit is not directly related to the organization’s mission, then the enterprise’s profit may be subject to an unrelated business tax.

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<sup>12</sup> Community Wealth Ventures, Inc. (2003). Powering social change lessons on community wealth generation for nonprofit sustainability. Retrieved from <https://business.ualberta.ca/-/media/business/centres/cccsr/ccse/documents/generalinformation/reports/reportcommunity.pdf>

<sup>13</sup> Seelos, C., & Mair, J. (2010) Organizational mechanisms of scaling social enterprises: A critical realist perspective on scaling. IESE Business School Working Paper No. 840. Barcelona: IESE Business School of Navarra.

<sup>14</sup> Gugelev, A., & Stern, A. (2015). What’s Your Endgame? *Stanford Social Innovation Review*. Retrieved from [http://www.ssireview.org/articles/entry/whats\\_your\\_endgame](http://www.ssireview.org/articles/entry/whats_your_endgame)

<sup>15</sup> Thornley, B., Anderson, J., Dixon, L. (2015) *Impact to Last: Lessons from the Front Lines of Social Enterprise*. Retrieved from <http://redf.org/learn-category/impact-to-last/>

<sup>16</sup> Artin, K. B. (2010). Aligning mission and a social venture. In Social Enterprise Alliance (Ed.), *Succeeding at social enterprise: Hard-won lessons for nonprofits and social entrepreneurs* (pp. 3–16). San Francisco, CA: Jossey-Bass.



*Which of the above characteristics does your enterprise already possess? Which ones could use some work?*

**Characteristic**

**Where my enterprise lands**

Needs work ← → Excels

**Passion for social change**

1 2 3 4 5

Your notes:

**Dedicated and inclusionary leadership**

1 2 3 4 5

Your notes:

**Use of data to drive decision-making**

1 2 3 4 5

Your notes:

**Culture of innovation**

1 2 3 4 5

Your notes:

**Ability to adapt to change**

1 2 3 4 5

Your notes:

**Specialized niche/competitive advantage**

1 2 3 4 5

Your notes:

**Active and fluid business plan**

1 2 3 4 5

Your notes:

**Effective networking / community engagement**

1 2 3 4 5

Your notes:

**Ability to scale**

1 2 3 4 5

Your notes:

**Buy-in from existing organization**

1 2 3 4 5

Your notes:

**Mission match**

1 2 3 4 5

Your notes:



