

# **Non-Profit Social Purpose and Social Enterprise Outcome Themes That Transfer to Businesses**

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*The attention cast toward social enterprise since the mid to late 1990s by private businesses, nonprofit human service organizations, and public sector stakeholders has driven interest in the best ways to measure social mission-related outcomes and whether or not such endeavors truly achieve impactful change. Little clarity from the methodological models has emerged to inform social mission outcome measurement due in part to the blurring of cross-sector principles underlying the tasks at hand. A barrier is that businesses engaged in social mission must make choices that redefine profit-making, and it is a rare case where nonprofit and social purpose organization (SPO) evaluation models trace whether or not and to what degree their efforts have led to the social outcomes they profess to accomplish. This essay depicts the compromises and accommodations leaders and decision makers among five case examples encompassing philanthropic, nonprofit human services and social service providers, government and business actors make in their social enterprise work toward social mission outcomes and impact.*

*Keywords: social enterprise, cross-sector, social impact, SPO, public-private partnership, mixed method outcome measures, triple-bottom-line, nonprofit management*

## **INTRODUCTION**

“Not everything that can be counted counts, and not everything that counts can be counted.”

– Henry “Hank” LoCanti Sr. founder of the Agora (rock n roll venue) quoted in the Cleveland Plain Dealer Metro section. March 23, 2013.

Social mission outcomes are achieved in all sectors of the economy and there is much for-profit businesses can learn about social enterprise, social mission outcome measures and social impact from nonprofit organizations, philanthropy, and government. Businesses engage in social enterprise and entrepreneurialism; nonprofits and community foundations engage in social innovation; and government generates public value and greater goods for residents, taxpayers, and citizens. Each measures its progress and success in ways that serve its private profit making, nonprofit and public institutional forms. The methods employed by the institutions of the three sectors to measure social outcomes have both similarities and differences that serve the purposes of their decision-makers and other stakeholders. Consequently, it is a rare case where evaluation models enable social enterprise innovators to judge whether and to what degree their efforts have led to the change they profess to accomplish (Wood & Leighton, 2010, pp. 13-17).

This essay describes five cases in which social mission outcome measures were devised; why particular outcome measures and processes were selected; and what implications the outcome measures held for the case study decision makers. Four cases illustrate concepts useful to plan, design, and implement social outcome measures for social mission-driven endeavors in partnerships between nonprofits, grant makers, or involving nonprofit and government actors. The fifth case example is drawn from a business that whose brand in the marketplace was as “an economic, social, and environmental sensitive endeavor that achieve(s) a sustainable yet profitable business following a “triple bottom line” philosophy” (Conway, 2013).

The four nonprofit social purpose organization cases and one business social enterprise case presented share evaluation objectives that include evidence of “non-monetary supra-conventional” profits that: had fulfilled their social mission through their entrepreneurial project work; engaged in advocacy with policy and grant makers for their constituents; had stimulated or created social change through changed behavior of their clients and others; and were collecting evidence of their community efficacy and impact through measurable long term social outcomes.

Three methodological social enterprise-friendly framing concepts for evaluating outcomes informed the process of measuring social mission outcomes common to all five cases. First is the importance of profit or break-even income/expense performance as a determinant of achieving successful outcomes. The second is how and in what ways transactional and transformational measures were utilized by the case organizations to evaluate goal or mission fulfillment. Third, is the reliance on mixed methods of assessment that incorporated both numeracy measures and anecdotal qualitative measures to include societal context as a backdrop for outcomes. These three concepts offer a lens through which business leaders, institutional philanthropy, nonprofit executives, policy makers and human and social services professionals can use the decision-making logic models, tradeoffs, and lacunas necessary for measuring social mission outcomes in various settings.

The essay also offers recommendations based on inductive theory linking social mission related outcomes.

### **Social Outcomes and the Three Sectors**

In the scholarly literature of business management, social enterprise and entrepreneurship are innovations of the profit-making private sector. Social enterprise arises through the vision and intentionality of inventive professionals who are a special class of business practitioners. Social entrepreneurship is the outcome of a process that can be driven by a person or a team (Light, 2006, p. 12-13; Drayton, 2006; Dees, 1996) and arises where ventures have a return on investment that includes traditional business profitability and intentional common-good outcomes that are recognizable as impactful toward social change or the creation of some other public value (Shane, 2008, chapter 6; Austin, Stevenson & Wei-Skillern, 2006). Some innovative business entrepreneurs and others refer to social enterprise in for-profit business settings as fulfilling a “triple bottom line” (Savitz & Weber, 2006).

Nonprofit organizations engage in social enterprise and entrepreneurship to generate change as the *raison de etre* for the fulfillment of missions. This occurs through their facilitating intermediary roles in public-private partnerships and the creation of civil society, as problem-solving coordinators of public undertakings and in service provision on behalf of the government (Mendel & Brudney, 2012; Dees, 2007; Zadek & Thake, 1997). Philanthropic institutions may also engage in social entrepreneurialism to test new ideas or approaches to social problems, influence the behavior of nonprofit organizations and advance public policy in ways that generate public value (Mendel & Brudney, 2013).

The government has also contributed to the generation of social enterprise through the creation of public value. Public value is a concept that has been cast as an end product of the deliberate actions of public managers to create greater goods and outcomes by implementing public policies and using the economic resources of government to change the behaviors of people and institutions that interact with the public sector (Moore, 2000; Bozeman, 2007; Bennington, 2011). The Obama Administration’s Social Innovation Fund, for example, was created in 2009 by policy makers to nurture social enterprise (Nash, 2010, page 263). The public sector support of social impact bonds, an invention of the bond marketplace that offers the

promise to use private investment dollars for traditionally public-funded social innovation endeavors is another example (Liebman, 2011).

**Case Sample Organizations**

Four nonprofit social purpose organizations referred to in Table 1 below had commissioned research from a university-based applied research center. Each organization sought, through formal research project design and analysis, to be informed on the efficacy of newly developed, innovative, and what they considered to be entrepreneurial purposes or programs and by extension their organizations to their communities. The four organizations include a private philanthropic foundation whose endowment corpus was created by the proceeds of the sale of a nonprofit hospital to a for profit health corporation; an independent local affiliate of a national youth empowerment organization; a youth job skills training organization; and a faith-based neighborhood community initiative for children on suspension from school.

The fifth organization listed below shaded double line of Table 1 is a private business whose founders articulated and promoted as their brand the principle to profit while minimizing their operational carbon footprint.

**Saint Luke’s Foundation of Cleveland**

The Saint Luke’s Foundation’s social enterprise project sought to create a comprehensive community initiative (CCI) whose goal was to promote positive improvements in the urban neighborhood previously served by the former Saint Luke’s hospital. CCIs are complex, operating across a range of sectors in society. CCIs aim to make significant changes at the individual, family, organizational, community, and service system levels. The success of comprehensive community initiatives can be judged in terms of the initiative’s impact on community institutions, practices, and systems such as employment, health, and education. In this respect, evaluating the Saint Luke’s Foundation CCI required long-term, iterative efforts that in some sense have been never-ending. One way of approaching the evaluation over the long-term was to conceptualize the CCIs activities as forming a cause-and-effect chain in which, depending on the point at which evaluation occurs, activities which at one moment in time are most appropriately thought of as outcomes, but later on, may be seen as inputs or means to a subsequent objective (Rogers, Petrosino & Huebner, 2004, p.6).

To evaluate the inaugural planning/organizing effort in a mature and declining urban community, for example, it makes sense to evaluate the initial process as a product about which judgments of success or failure can be made. For example, has this process been true to the values and philosophy of the CCI? Further down the line, as steps are taken to implement the results of the initial planning and organizing, it has been necessary to revisit the process to ask, “Now that we have the benefit of knowing how things have unfolded, how does the effectiveness of the process look now?” Consequently, the process of developing and implementing the CCI as worthy of evaluation to both improve its structure but also as a community building outcome (Innes & Booher, 1999; Berry, Portnoy & Thomson, 1993), recognizes that today’s “outcomes” will someday become inputs toward future, un-anticipated social enterprise endeavors.

**TABLE 1  
SOCIAL PURPOSE ORGANIZATION ENTERPRISE CASE STUDY COMPARISON**

Case Organization	Project Mission	Transactional outcomes (based on the project performance)	Transformational outcomes (based upon the organizational impact)
Saint Luke’s Foundation of Cleveland	Comprehensive community initiative (CCI) created to promote positive	Increase participation of the appropriate local government planning departments in the revitalization of the project target neighborhood; create	Evidence if any, that neighborhood institutions work together; that investment by public and private stakeholders has increased in

	improvements in the urban neighborhood previously served by the hospital, converted to a private philanthropic institution after the sale a for-profit corporation.	events and opportunities for community stakeholders to participate in the dialogue of the neighborhood; create a documentation process that is complete and comprehensive; plan to include community representation on evaluation processes; create a communication strategy for neighborhood residents.	the neighborhood; that social pathologies have changed due to initiatives of the CCI; and that social, economic, political, or civil behaviors of residents have changed.
Boys and Girls Clubs of Greater Cleveland	Preparing youth to become responsible and productive citizens.	Track attendance in programs, program participation, youth opinions and enthusiasm for their involvement, and youth life transitions such as academic benchmarks, religious rites of passage, obtaining completion certifications or driver's license; survey overall outlook on life. Measurements take into account the social context and environmental scan-type factors affecting youth performance and quality of life.	Track youth member life transitions—as alumni. Invest in staff development and mentor and coach staff to contribute to the long-term development of youth program participants; create a sense of staff ownership over the programs, staff understanding of how programs are designed to impact the lives of youth, and staff involvement in collecting data on youth performance, progress, and satisfaction. Impact increases over time—starting with the development of an important relationship with a caring adult. This relationship bridges the transition between other impact areas, such as assisting youth in understanding their role in their communities, taking responsibility for their homework, accountability for their behaviors, and moving toward other life transitions.
Youth Opportunities Unlimited	Empowers youth to succeed in school, in the workplace, and life.	Number of youth participants in programs; successful progression of youth through program delivery; direct expensed costs associated with the program; engagements in partnerships.	Same measures as above.

Safe Haven	Support learning opportunities for children and their families	Number of youth on site; number of youth program participants; pre and post survey of students on behavior, appropriate conduct, and recognition of their role in making decisions that led to a suspension.	Provides an alternative, safe and supervised environment for suspended youth; promotes the educational progress and behavioral remediation of suspended students.
Social Enterprise Business (Great Lakes Brewing Company)	Principle-centered, environmentally respectful, and socially conscious company committed to crafting fresh, flavorful, high-quality beer and food for the enjoyment of our customers.	Profitability, sustainability, longevity, and expansion of the business. Civic and community engagement. Institutionalization of principles through a partnership with others. Services provided by other vendors that reflect upon company sustainability values.	Stewardship of water usage in their production operations; educational events for the general community; creation and operation of an urban farm; energy efficiency and renewable practice; green building construction; urban revitalization and community building; use of biofuels; financial support for local nonprofit organizations with shared values

### Boys and Girls Clubs of Greater Cleveland

The second nonprofit social purpose organization, a local independent affiliate of a national organization devoted to youth sought evidence that the organization was achieving its mission of preparing youth to become responsible and productive citizens. The methods of evaluation advised a blended strategy of measurement and analysis of both short- and long-term tactics and performance indicators. Tracking short-term transactional tactics were suggested that focused on attendance in organizational programs, program participation, youth opinions and enthusiasm for their involvement, and overall outlook on life. Long-term transformational tactic recommendations considered tracking life transitions beyond the confines of the programs. This included achievement of academic benchmarks, religious rites of passage, obtaining completion certifications, obtaining a driver's license during their active member years, and then as alumni. Additional environmental scan data considering the social context and other life events affecting youth performance and quality of life were also suggested so that individual success might be cast within the scope of the individual's life circumstances.

Long term, the strategy to measure the impact of the organization on the lives of its members was to follow the life path of the individual alumni of its programs. Measuring the success of alumni and the role that they attribute to the organization was essential to determining the contribution and role the agency played in their fulfilling the mission. Data to attain these results were obtained through an alumni survey, the development of a database from the survey, and the creation of protocols for connecting with alumni. This included an agreement by program participants that they use social media as a connector with the agency.

### Youth Opportunities Unlimited

The third nonprofit social purpose organization was a single-location youth jobs training and placement organization. The organizational mission sought to change the life-long behaviors of individuals in school, work, and life settings. In addition, leaders of the nonprofit sought evidence of impact through measures to include the desirability of the organization as a partner to other organizations, as an advisor to policy

makers, and as a source of information to advance the way people think about empowering at-risk youth to succeed in school, in work, and life.

The organization set out to trace and illustrate the “impact” it had on the youth it served and on a larger scale to determine if it was creating social change through its services. The organization’s programming provided employment readiness, mentorships, skills testing and training, employment, and entrepreneurial opportunities for high-school-aged youth. It is also sought as a social mission outcome to divert participating youth from out-of-school mischief when they are in the program, expose participants to a caring adult who can mentor them; and enable them to earn money as they gain work experience.

### **Safe Haven**

The fourth nonprofit social purpose organization offered programming devised for a social impact faith-based neighborhood nonprofit whose mission is to support learning opportunities for children and their families. The program was conceived by the pastor of a community church to address a community need for out-of-school suspended students in elementary and middle school left with little or no supervision during their suspension. The program was launched in 2009 as a short-term alternative learning program providing academic and behavioral remediation for students receiving up to 10 days of suspension. The program’s social entrepreneurial mission was to provide economically challenged behaviorally at-risk students a safe and supervised environment during suspension, where they may otherwise be unsupervised. The program served as a community benefit by keeping suspended youth off the streets, providing an alternative, safe and supervised environment for suspended youth; and promoting the educational progress of youth.

### **Great Lakes Brewing Company**

As “early adopters” of the social enterprise business concept two entrepreneurial brothers (Patrick and Daniel Conway) started a micro-brewery business in their restaurant in a historic neighborhood of Cleveland, Ohio in 1988. The business was conceived to fill a niche left by the shifting market economies of the global brewing industry that led to the consolidation of large-scale brewing companies and the demise of smaller, local, and regional brewers in the U.S.

The mission statement of the Great Lakes Brewing Company was and is that it is a principle-centered, environmentally respectful, and socially conscious company committed to crafting fresh, flavorful, high-quality beer and food for the enjoyment of our customers ([www.greatlakesbrewing.com/company/mission](http://www.greatlakesbrewing.com/company/mission), 2013). In pursuit of profitability, the owners assert that “We continually challenge the paradigm of ‘Take, Make, Waste’ to a more sustainable and common-sense approach of ‘Take, Make, Remake.’ We try to replicate nature’s ‘zero waste’ cycle by turning our waste into viable products” (Conway, GLBC Co-Owner, [www.greatlakesbrewing.com/sustainability/other-sustainability-projects](http://www.greatlakesbrewing.com/sustainability/other-sustainability-projects), 2013).

In their vision for sustainability, the entrepreneurs assert engagement

“...in economic, social, and environmental practices that achieve a sustainable yet profitable business. This Triple Bottom Line philosophy is present in almost every aspect of our business. From our in-kind and monetary donations to community organizations to green building and energy efficiency, to utilizing house-made biofuels, we are deeply invested in the sustainability of our business, our community, and our planet.”

### **The Barriers to Evaluating Social Mission Related Outcomes**

The attention cast toward social enterprise (and social innovation and social mission fulfillment) since the mid to late 1990s for the best ways to measure nonprofit social purpose organization related mission outcomes by private, nonprofit, and public sector stakeholders has steadily increased over the past 30 years. Despite lengthy literature and vibrant discussion among scholars, little clarity or uniform methodology has emerged to inform social enterprise and mission outcome measurement. In the absence of standardized outcome methods, evaluative tools are typically imposed for political accountability purposes rather than performance or mission fulfillment purposes (Cut & Murray, 2000 p. xvi).

The development and use of consistent, standardized outcome measures for social enterprises are complicated for several reasons. First, is a “do it your way” motive and a “go against the grain” characteristic quality credited to entrepreneurs in business and social innovation (Shane, 2008, chapter 6). Because social entrepreneurs are likely to have their own innovative value-based social-change outcomes in mind, they are prepared to devise their methods to decide whether they have accomplished their mission.

A second complication is the added complexity and costs of an evaluation process to a business or nonprofit administration operation, particularly when mixed methods of assessment are necessary. This is particularly evident where hybrid for-profit business and nonprofit-type entrepreneurialism intertwine (Austin, Stevenson, & Wei-Skillern, 2006, page 3). For example, we can readily appreciate the conceptual clarity for the measure of profit outcomes and the “triple bottom-line” in business. A business must be profitable in the traditional sense to be sustained while at the same time social mission outcomes drive toward subordination or re-interpretation of profit creation outcomes. By contrast in nonprofit settings, the organizational mission requires a delicate balance between mission fulfillment and the fiscal reporting requirement programs of third-party grant and service-contract makers.

A third complication is that aligning an evaluation strategy and methodology requires creativity and thoughtful, careful, and insightful comparison methods for data over time (Gates Foundation, 2008; Herman & Renz, 1999). Frequently these processes can be at odds with transparency, minimized costs of production, and standardized outcome measures required to make a profit, justify an investment, or contribute to a return on stakeholder investment. Consequently, in the competitive market environment, evaluation processes are seldom apportioned sufficient time by entrepreneurs so that tracing long-term social transformation(s) is/are a low priority (Cut & Murray, 2000 p. xvi; Murray 2001).

### **Social Enterprise Measures in Business, Nonprofit, and, Public Management Settings**

One mechanism an entrepreneur may choose to utilize to work toward their social change goals is through the development or adaptation of a business. Because creating a business that does not achieve profits is unsustainable over time and is counter to business theory, using the business entity to achieve a social-mission outcome means that market forces and a for-profit return on investment are the primary driving forces advancing social mission outcomes (Paredo & McLean, 2006; Pomeranz, 2003). In the business setting, social mission related outcomes would be framed within their contributions toward competitive advantage, lower operating costs of production, and the attraction of a labor force with distinctive (Bagnoli & Megali, 2013, p. 156).

The triple bottom line of the Great Lakes Brewing Company, a Cleveland, Ohio area business used as the fifth case aligns with business-principled social mission outcomes models in the scholarly literature. “Triple Bottom Line” is a concept that came into use in the mid-1990s to describe profitable businesses, support the community, and are environmentally friendly (Savits & Weber, 2006). The triple bottom line occurs during and after profit making operations. The Great Lakes Brewing Company’s social mission-related priority outcomes of the triple bottom line include in-kind and monetary donations to community organizations, green building and energy efficiency, and utilizing house-made biofuels. In their sales and marketing literature, the Company owners describe their business as “a principle-centered, environmentally respectful and socially conscious company committed to crafting fresh, flavorful, high-quality beer and food for the enjoyment of our customers” (Business-wire, August 28, 2012; Great Lakes Brewing Company home web page, 2013).

In building a case for social mission fulfillment, it is useful to recognize several early stage measures affirming the efficacy of a business plan and the profit-generating business as an agent for the endeavor. The first measure is that a successful profit-generating business validates the social mission endeavor as a viable profit-making concept. Or put more simply, a profitable enterprise indicates that the business idea is a good one and is meeting a market need and claiming market share. Second, is that the business social-mission achievement is valued by customer or client satisfaction. Third, is that the human capital capabilities contributed by the entrepreneur are a good match for the endeavor and that the outcomes meet the intent of the business owner.

The financial risk the entrepreneur assumes in the social enterprise will also drive their sense of social mission fulfillment and the creation of outcome measures. Because social mission outcomes are likely to be “in the eyes of the beholder,” the original intention of the business or nonprofit-based entrepreneur is an important reference point in the work of assessing progress toward social mission goals.

A social entrepreneur may also choose the mechanism of a nonprofit organization as social purpose institution to reach social mission outcomes. One reason, for example, would involve the start-up subsidy from public and private donor sources or volunteers (Alvord, Brown & Letts, 2004; Dees, Emerson & Economy, 2002). In contrast to a business, a nonprofit is likely to place mission fulfillment ahead of generating profits as a priority, seeing fiscal success in the outcome of not losing money (Alvord, Brown & Letts, 2004, p. 261). Thoughtful nonprofit organization entrepreneur-ists value social-mission outcomes that align with the fulfillment of their organizational mission. Nonprofit leaders would also view competent performance and ways to measure performance and mission achievement to attract support from third-party funders or other stakeholders. The four nonprofit organization cases described in greater detail later in this chapter below offer examples of the nonprofit model.

Unlike social enterprises housed within a for-profit business, nonprofit organizations create mission-driven programs as *modus operandi* led by professionals or volunteers devoted to that purpose. In a nonprofit organization setting, social mission-related outcomes are proposed and tested not with the self-financing of the entrepreneur, but as a contract-for-hire to public managers or as an experimental service funded by others such as philanthropic institutions (Smith and Lipsky, 1993). As part of this transaction, nonprofit social entrepreneurs are encouraged to form partnerships with others. In the best of circumstances, positive performance provides persuasive evidence to policy and grant makers that their investment produced a desired social outcome (Plantz, Greenway & Hendricks, 1997, p. 23).

In the same way that social endeavors housed within a for-profit business will drive basic social-mission evaluation outcome assumptions, the use of a nonprofit organization as the agent of change will drive the evaluation of social mission outcomes. For example, nonprofits will note whether and how the endeavor aligns with its mission, is sustainable through its operations or third-party subsidy, and receives sanction and validation from its partners and stakeholders (Mendel, 2013; Dym & Hutson, 2005, chapter 7).

Much has been written about social outcome measures involving government and the public management literature on the subject is extensive. For the most part, the perspective offered by scholars has less to do with social impact and more to do with logical models of contract performance and accountability. Typically, the “mission fulfillment” for the public sector social innovators centers upon best measures that tie performance with the fulfillment of public policy, legislation compliance, and fiscal accountability. The exception involves inquiry into public value, its origins, and the visible outcomes of efforts by public managers that result in public value and the greater good.

### **Transactional and Transformational Outcomes of the Entrepreneurial Endeavor**

In the scholarly literature on social-mission-related outcomes and the practical applications illustrated in the five cases, short-term work products are typically transactional while longer-term outcomes are typified by transformations in the behavior of individuals or the conditions of society driving those behaviors. The concepts of transaction and transformational outcomes will seem familiar to scholars who have described the results of social mission endeavors as short-term “outputs” and long-term “outcomes” (Mulgan, 2010; Wood & Leighton, 2010). Like “outputs,” tracking transactional changes are typically included in an operational business plan or nonprofit project plans. Transactional measures are favored by public contract managers, private third-party funders, or other stakeholders because of their self-evidence in connection to a particular entrepreneurial outcome. Transactional outcomes are also indicative of agency accountability, performance, and effectiveness outcomes rather than final destination outcomes.

Many policies and grant makers use organizational effectiveness measures as determinants of the readiness of their grantees to perform and achieve mission fulfillment. Organizational effectiveness performance measures are a typical form of transactional outcomes because they are usually characterized by counting participants or similar outcomes. Table 2 lists several examples of transactional social mission outcome concepts.



In addition to using a lens of transactional outcomes to frame the achievement of social mission endeavors, scholars have noted that solutions to social problems and social change often demand fundamental transformations in political, economic, and social systems (Alvord, Brown & Letts, 2004, p. 260). Transformational changes envisioned through social entrepreneurs and social-mission endeavors have more to do with large-scale, longer-term forces than those of transactional outcomes (Alvord, Brown & Letts, 2004, p. 262-264; Sawhill & Williamson, 2001; Grace & Wendroff, 2001 p. 4). Complicating the work of evaluation is that transformational social impact outcomes are also not as readily observed as transactional outcomes. The bottom half of Table 1 offers several examples (Fine, Thayer & Cognlan, 2000; Alvord, Brown & Letts, 2004; Dees, 2007; Mendel & Brudney, 2013, Table 2).

The limitations of resources to perform long-term outcome assessments raise barriers to performing the work necessary to prove that social missions have been achieved. Transactional type evaluative measures typically provide the only opportunity to measure progress using performance outcomes that are readily observed and easily proven (Wood & Leighton, 2010; Grace & Wendroff, 2001 pp. 19-20; Letts, Ryan & Grossman, 1999). Unfortunately, transaction measures fall short of demonstrating the societal impact of a social mission endeavor because the data collected through the work performed (Plantz, Greenway & Hendricks, 1999) fails to account for longer-term changes in social behaviors.

**TABLE 2**  
**TRANSACTIONAL AND TRANSFORMATIONAL OUTCOME DIFFERENCES**  
**IN SOCIAL ENTERPRISES**

<b>Transactional outcomes</b>	<b>Examples of mixed methods outcome measures</b>
<ul style="list-style-type: none"> <li>• Readily counted</li> <li>• Shorter term</li> <li>• Organizational accountability and effectiveness</li> <li>• Similar to short-term outputs</li> <li>• Profitability/ Sustainability</li> </ul>	Number of participant customers or clients recruited, enrolled or receiving products and services, and completing programs and <u>agency performance that meets or exceeds planned goals.</u>
	Ratio of participant customers or clients to the profits or break-even costs of providing products and services and agency performance that meets or exceeds planned goals.
	Expense budget reports reflect a match between proposed expenses and actual expenses with minimal variance.
<ul style="list-style-type: none"> <li>• Traceable changes in personal behaviors</li> <li>• Shifts in public policy</li> <li>• Longer term impact toward social change</li> <li>• Reduction in social pathologies or increase in positive societal performance</li> <li>• Creation of public value</li> </ul>	Fewer recipients of public aid.
	Altered collective behaviors of large population groups i.e. decreased crime rates, greater home ownership, and increased <u>property values.</u>
	Public sector contracts with private business and nonprofit vendors requiring behaviors such as participation of protected populations and partnership collaborations.
	Community pride; improved environment; better business climate; new relationships between individuals and their institutions; public safety; and public perceptions and attitudes.

On the other hand, transformational outcome performance will provide evidence a social endeavor has a longer-term impact and agency efficacy. Both types of change contribute to the judgment of whether an organization has contributed to the social change articulated by the organizational mission (Ashoka Innovators for the Public, 2000).

**FIGURE 1**  
**SYSTEM OF TRANSACTIONAL AND TRANSFORMATIONAL**  
**OUTPUTS AND OUTCOMES**

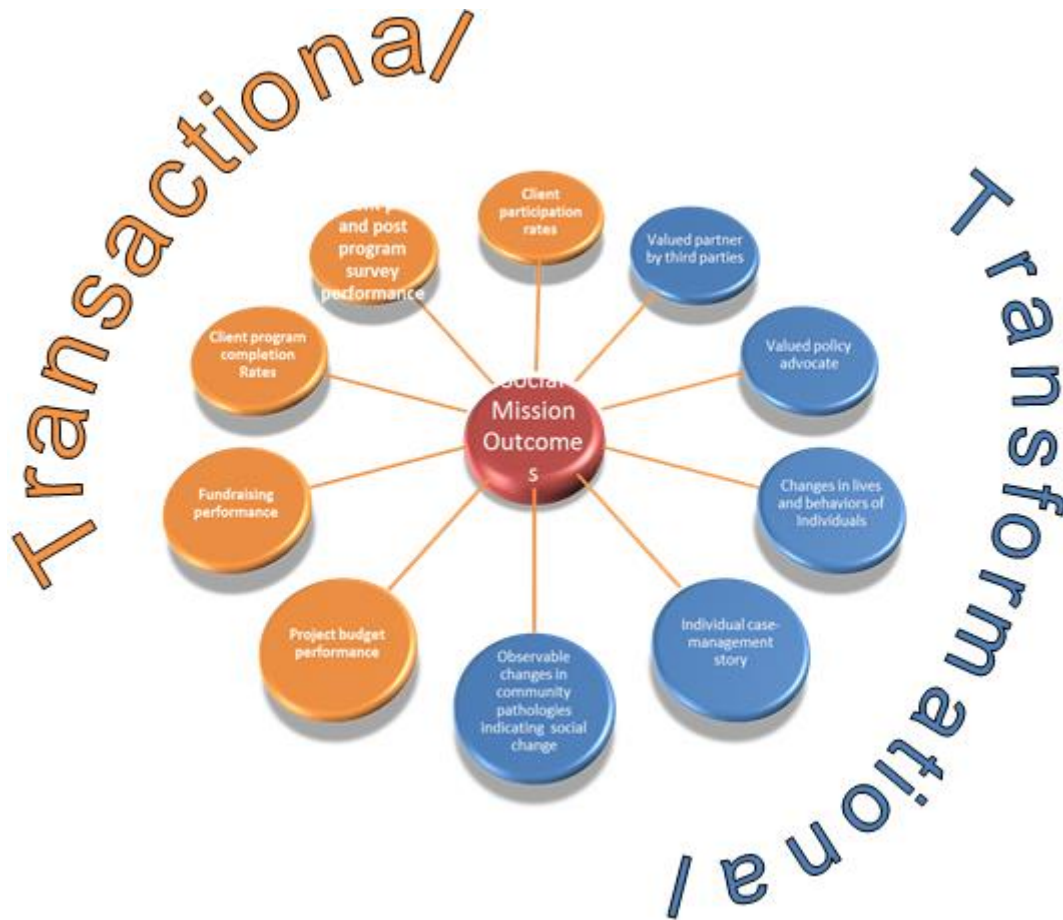
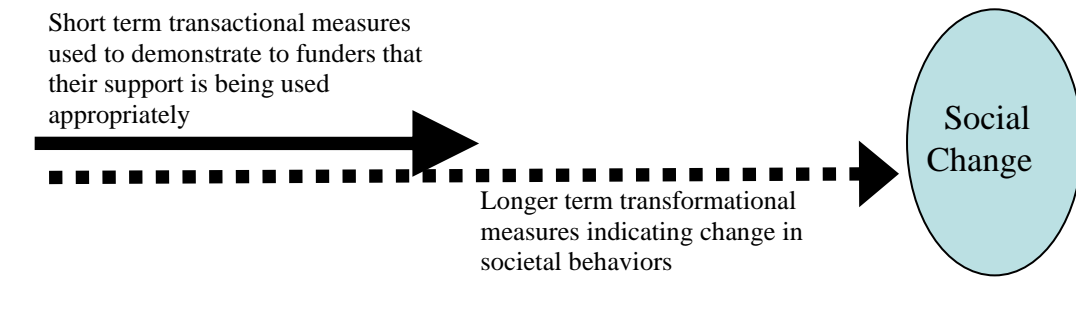


Figure 1 illustrates the interplay transactional and transformational social outputs may have in a system of social enterprise outcome measures. Because proof of social enterprise outcomes is likely to be in the eye of the beholder - who in many cases has provided the financing for a particular endeavor - the original intentions and mission statement of the entrepreneur offer a good starting point for social change achievement goals (Sheehan, 2010, chapter 1; Katzer, Light, 2004; Cook & Crouch, 1991, introduction). It is also useful for social entrepreneurs to articulate their envisioned end-products during the planning phase of the social enterprise endeavor.

Figure 2 expresses the relationship between short-term transactional outcomes and long-term transformational social mission outcome measures. The figure suggests that transactional and transformational outcomes can overlap in real time and in so doing, perform outputs simultaneously that contribute to both short and long term social enterprise outcomes.

**FIGURE 2**  
**SOCIAL ENTERPRISE BUILDING BLOCKS COMPRISING SOCIAL CHANGE**



**Limitations of the Mixed Methods Model**

Several limitations of transactional and transformational social outcome measures applied to the for-profit business social enterprise framework are worth noting. In settings where the social entrepreneurs both work alone and self-fund, long-term evaluation may be a distant, subordinate priority in favor of immediate return-on-investment and real-time operating fiscal sustainability of the endeavor. Consequently, social entrepreneurs in business settings have a high-cost disincentive to trace long-term impact in a manner that drains revenue and reduces profits.

In a nonprofit social purpose organization setting, disincentives like those of business social enterprises are embedded in cross sector, countervailing relationship tensions. For example, third parties such as grant making institutions or public contract agents may impose their program performance and accountability measures for their mission fulfillment purposes (Clark, Rosenzweig, Long, & Olsen, 2004). Since third-party funding seldom accounts for activity over a longer period beyond the grant or project period, it is the exceptional “budget surplus deep-pocketed” nonprofit organization that can readily commit to and absorb the costly data tracking and outcomes analysis necessary well-after the end of the grant period (Mulgan, 2010; Alnoor & Rangan, 2010). An additional barrier is the tendency of public policy and private grant makers to impose their mission fulfillment outcomes on their grantees. An example is the practice of public policy and private grant makers requiring partnerships and collaboration of their social mission grant recipients for purposes of cost savings and economies of scale. Many times, the benefits of these collaborations are more speculative than real and the imposed unfunded costs on the participants leave few resources and enthusiasm for long-term evaluation of outcomes (Mendel, 2013).

**Analyzing the Cases to Illustrate Mixed Methods Social Mission-Related Outcomes Measures**

To recap, in Tables 1 & 2 and Figures 1 & 2, the four social enterprise nonprofit case organizations and one business social enterprise are compared in terms of transactional and transformational outcomes. Examples of short-term transactional performance outputs and longer-term transformational outcome social mission related outcome measures in five cases presented earlier are offered. Then, a logic-model template for transactional measures that build toward transformational social mission outcome measures is provided.

In the Saint Luke’s Foundation of Cleveland community building project, short-term measures were adopted that provided insight into incremental evidence that the initiative was operating and following a planned course of action. Longer-term measures reflected changed social behaviors that leaders envisioned as social change products. For example, the number and representativeness of community participants; input products of community participants such as completed survey and focus group forms; volunteer participation in planning and implementation of those plans point to outputs leading to successful social enterprise outcomes.

In the Boys and Girls Clubs of Greater Cleveland youth programs, members move through an “attachment” progression in their relationship with the organization, attending programs initially for recreational and social reasons, or because they need a hot meal and a safe place to be after school. Impact

increases over time—starting with the development of an important relationship with a caring adult. This relationship bridges the transition between other impact areas, such as assisting youth in understanding their role in their communities, taking responsibility for their homework, accountability for their behaviors, and moving toward goal setting and other life transitions. Such characteristics point to outputs leading to successful social enterprise outcomes.

The Youth Opportunities Unlimited organizational social mission-related outcomes were aligned with the mission fulfillment goals of its programming; the tracking of program participants after they had “aged-out” of program involvement; the manner in which key stakeholders perceived Y.O.U. met the three major divisions of achievement described in its mission statement. As with the two prior cases, such characteristics point to outputs leading to successful social enterprise outcomes.

The Safe Haven program’s social mission outcomes were based upon existing research on alternatives to suspension programs nationally, program alignment with accepted best practices in the field; comparison to other alternatives to suspension programs that operate in a similar demographic region or with a similar pool of available funding; the opinions and contributions of local grant makers, school administrators and other alternatives to suspension program directors; and how key stakeholders perceive the program as being a valuable community entity and effective program. As with the prior three cases, such characteristics point to outputs leading to successful social enterprise outcomes.

In case 5, the Great Lakes Brewing Company’s business mission focus on profit generation and product innovation as a priority has stimulated a series of phased expansions over the life of the company (Sutell, 2013). In terms of measures for social-mission outcomes, the company devotes significant time and human and financial capital to sustainability projects well beyond corporate philanthropy. Among their sited outcomes include reports to their customers and stakeholder community on the topics of their stewardship of water usage in their production operations; educational events for the general community; creation and operation of an urban farm; energy efficiency and renewable practice; green building construction; urban revitalization and community building; use of bio-fuels; financial support for local nonprofit organizations with shared values ([www.greatlakesbrewing.com/sustainability/other-sustainability-projects](http://www.greatlakesbrewing.com/sustainability/other-sustainability-projects), 2013).

**TABLE 3**  
**KEY MODEL CONCEPTS FOR EVALUATING SOCIAL MISSION-RELATED OUTCOMES**

<b>Framing concept</b>	<b>Rationale for concept</b>	<b>Outcome of framing questions</b>		
Institutional setting (business, nonprofit or government) and motivation of the entrepreneurial endeavor	Entrepreneurialism may arise through business, nonprofit organization or the public sector driven by differences in accounting and accountability of funding and revenue. Personal or institutional motivation for social entrepreneurialism is also an important element especially where innovative entrepreneurs desire to work for themselves	<u>Business</u> Is the business producing a break-even or surplus return on investment? What happens to surplus profits and who owns them? Do the business products lead to non-profit benefits or public value?	<u>Nonprofit</u> Is the endeavor sustainable through its own revenue generation or fundraising? Does the social entrepreneurship endeavor align with mission fulfillment? Does the endeavor receive sanction/validation, or funding from third parties?	<u>Government</u> What are the ways the endeavor leverages (amplifies) public sector investments and contributes to public-good/public values?

<p>Transactional and transformational outcomes of the entrepreneurial endeavor</p>	<p>Whether the social entrepreneur elects to judge an endeavor's products as transactional outputs in the short term or transformational outcomes in the longer term is an important variable to consider.</p>	<p>What measures are required by third parties for purposes of accountability and short-term performance? Were partnerships formed voluntarily or as a requirement? Was there a change in public policy due to the endeavor? Did change result in the behavior of institutions and/or individuals?</p>
<p>Mixed Methods Assessment</p>	<p>Social Mission Outcomes involve aspects of performance and impact that can be measured through numeracy but also through anecdotal and qualitative observation over time.</p>	<p>What are the traditional revenue over expense profit and the less traditional social mission non-revenue over expense profit models, and anticipated and aspirational outcomes?</p>

**TABLE 4**  
**MODEL CONCEPTS FOR EVALUATING SOCIAL MISSION-RELATED OUTCOMES**  
**APPLIED TO CASE STUDY ORGANIZATIONS AND BUSINESS**

<u>Social Enterprise Mission</u>	<u>Program Outputs</u>	<u>Transactional Measures</u>	<u>Purpose of Transactional Measures</u>	<u>Performance Rationale for Measures</u>	<u>Transformational Impacts</u>
<b>Saint Luke's Foundation</b> Promote positive improvements in the urban neighborhood		Program Participation Program Completion	<ul style="list-style-type: none"> <li>Filing of regular progress reports to third parties</li> <li>Accounting of financial expenditures</li> <li>Program graduate success stories and anecdotes.</li> <li>Staff observations of Youth progress.</li> <li>Focus groups of staff engaged in program delivery speaking to their observations of program impact.</li> <li>Accountability measures for funding reimbursement</li> </ul>	<ul style="list-style-type: none"> <li>Required by Funder</li> <li>Comparison with attrition rate reflects difficulties in working with target population</li> <li>Direct tie to expectations of funders and program measures</li> </ul>	<ul style="list-style-type: none"> <li>Becoming a more favorable grantee</li> <li>Observations that staff make of changed behaviors of youth during the program period</li> <li>Prediction of long term Changes</li> </ul>
<b>Boys &amp; Girls Clubs</b> Preparing youth to become responsible and productive citizens.		Program Participation Program Completion			
<b>Youth Opportunities Unlimited</b> Empowers youth to succeed in school, in the workplace, and in life.	Employability Life Skills Training Workplace Experiences Number of youth participating in programs; successful progression of youth through program delivery; direct expensed costs associated with the program; engagements in partnerships.	Program Participation Program Completion Employment Length of employment			

<p><b>Safe Haven</b> Support learning opportunities for children and their families</p>	<p>Matriculation/Graduation</p>	<p>Graduation rates Matriculation Rates Grade Level Advancement</p>	<p>Profitability Market share Reputation and public relations Development and use of social network</p>	<p>Triple Bottom Line Profitability Social conscious operations Environmental conscious operations</p>	<p>Profitability with a smaller environmental footprint Profitability with increased loyalty by customers</p>
<p><b>Great Lakes Brewing Company</b> Principle-centered, environmentally respectful, and socially conscious company committed to crafting fresh, flavorful, high-quality beer and food for the enjoyment of our customers.</p>	<p>Higher gross earning Lower materials, supplies, and operations costs Higher customer counts Overall profitability</p>	<p>Number of customer transactions Operating expenses Net proceeds Philanthropic gifts Partnerships</p>			

## Concluding Thoughts

There is much business leaders engaged in social enterprise can learn from their peers and organizations engaged in social mission outcome endeavors. To add clarity to our understanding of what social enterprise is and how its social mission outcomes may be measured, Denise Danna and Demetrius Portia (2006) and others have offered that:

...through social entrepreneurship, individuals develop an innovative idea or possible solution, translate the idea or solution into a program or service, align supporters and funders, and implement the identified social activities. A social entrepreneur identifies an opportunity, takes risks, and has the resilience to drive a personal idea to fruition. The uniqueness of social entrepreneurs is that these individuals most often focus on social and environmental issues that have an impact and benefit the community or society. Social entrepreneurs are change agents strongly motivated by altruism. It is not the expectation that social entrepreneurs do not generate money, but that financial gain is not the driving force, rather it is fulfilling the socially focused mission (Donna & Portia, 2006, p. 751; Letts, Ryan and Grossman, 1999).

But there is more. From research conducted by Scott Shane on the myths of entrepreneurship (2008), we know that most innovative initiatives are funded by the entrepreneurs themselves. The reasons entrepreneurs self-fund arise from their desire to work for themselves (Shane, 2008, chapter 3) while striving to contribute to society by providing a service, or product or fixing a problem they have also defined. Extrapolating this logic through the business and nonprofit cases consulted for this essay illustrate, it is reasonable that evaluation strategies to judge whether a social mission has been achieved are likely to be driven by the intentions, judgment, resources of funding, and time and experience of the entrepreneur (Banks, 1972; Dees, 1996; Drayton, 2006 & 2011; Acs & Sany, 2009; Light, 2008).

Readers of this essay can conclude that evaluating social mission outcomes is a process-driven endeavor. For social enterprise businesses, outcomes-evaluation models offer the promise of adding to their profits, gaining a competitive advantage in the marketplace, and earning a multi-pronged return on investment to their underwriters. Evaluation of non-monetary outcomes also offers evidence that the business-nonprofit, nonprofit-business, or other agency partnership permutations of social change affirmatively lead to the social impact and social change outcomes to which they aspire in the fulfillment of their missions (Austin & Seitanidi, 2012 part 2; Dees, 1996). Social entrepreneurs, either the for-profit or nonprofit variety – are served best when they devise their outcome achievement targets during the planning and early-stage operations of their social mission endeavor. These outcomes are influenced greatly by the intentions of the enterprise designers and are most meaningful when they take into account short and long-term performance measures. This strategy and methodology are time-consuming and costly but necessary to demonstrate impact, community efficacy, and return on investment.

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