
C H A P T E R O N E

Nothing Stops a Bullet Like a Job

In the aftermath of the Great Recession, too many of us are living on the outskirts of hope. As public companies boast about record profits and the Dow sets all-time highs, the U.S. Census Bureau reports that more than one out of seven Americans lives in poverty. More than seventeen million American children—23.5 percent of all the nation's children—live in families with incomes below the federal poverty line, \$23,550 a year for a family of four. The National Center for Children in Poverty reports that, on average, families need an income of about twice that amount just to cover the necessities of life.

No less alarming, a survey commissioned by the Associated Press in 2013 found that four out of five American adults struggle with joblessness, near-poverty, or reliance on welfare for at least some of their lives. They are collateral damage in any increasingly global economy that rewards the rich at the expense of the poor and no longer supports a robust manufacturing sector.

The tragedy of impoverished “sacrifice zones”—the post-industrial cities of Detroit, Michigan, and Camden, New Jersey, southern West Virginia's coal fields, and those native American reservations where the twin evils of unfettered expansion and unchecked exploitation keep old wounds unhealed—is spreading at an alarming pace throughout the nation.

But those who are born poor or fall into poverty needn't stay poor.

Breaking the cycle of poverty was once the exclusive domain of governments and charities. But, in recent years, “mission-driven

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ventures," those organized specifically to do good work, have taken it upon themselves to rescue the poor, the sick, and the undereducated. Occupying the intersection of money and meaning, they use the power of the marketplace to advance their agendas without forcing their managers to make decisions solely to maximize profits, opting instead to be transparently accountable to all the ventures' stakeholders, society first among them. On an ever-greater scale, mission-driven ventures are helping to restore our fraying social fabric and to repair the world.

Take Juma Ventures, a model for entrepreneurial non-profits everywhere, whose visionary CEO, Dr. Marc Spencer, was selected in 2012 by the *San Francisco Business Times* as the Bay Area's most admired non-profit chief executive.

Juma's approach is elegant in its simplicity. The organization provides life-changing employment and educational opportunities to local youth who might otherwise remain forever disadvantaged. They grew up in the inner city, surrounded by violence, drugs, and dysfunction, and they see little reason for optimism. Eighteen percent of Juma's students have been arrested, 30 percent have a family member in jail, 20 percent are foster youth, and 61 percent are from single-parent households. The deck is heavily stacked against them in a society in which competition is everything and birthright too often dictates destiny.

Juma runs for-profit enterprises, not only to help fund its activities but also to improve the lives of the young people it serves. They are on the front lines of Juma's businesses. They work concessions selling hot dogs and ice cream at major sports arenas and ball parks in San Francisco, Oakland, San Diego, New Orleans, and Seattle. And, along the way, they gain a work ethic and see that all things are possible.

Juma's mission is to empower those they serve and to encourage their pursuit of a college education and the ticket it represents. In 2013, according to Juma, 685 young people who participated in Juma's programs worked shifts at 464 events, collectively earning \$1,000,000 in wages and saving \$238,000 for college, while learning money management, sales techniques, and communications skills. Through its Individual Development Account program, the first of

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its kind in the nation, Juma multiplies every dollar its beneficiaries save for college by a factor of two, three, or four, using funds from government grants and private donations. Those funds can be used only for college-related costs and are usually paid directly to colleges. Since the program was established in 1999, its participants have saved more than \$783,000 in their Individual Development Accounts and earned nearly \$960,000 in matching funds. What's more, Juma gives them critical financial literacy training, including budgeting and credit building. Without this knowledge, knowledge they might never have gained without Juma, they might never escape the cycle of poverty into which they were born.

Beyond helping young people earn money, learn how to manage it, and save for college, Juma helps them get into college and succeed once they're enrolled. The organization leads campus tours and helps its beneficiaries define their career paths, study for college entrance exams like the ACT and SAT, and complete applications for financial aid to cover expenses beyond the funds they receive from scholarships and their Individual Development Accounts. Juma also continues to support its students throughout the first two years of their college education by helping them navigate the student financial-aid system, meet their budgeting goals for college expenses, secure the academic advice they need, and, perhaps most important, know they have gained the support of an entire community of people who want nothing more than for them to succeed.

As Juma grad Cruz Ramirez, class of 2008, recounts, "Not only did I get into the university of my dreams, but I was also able to get it all together financially and emotionally and finally go. Juma staff was with me every step of the way." Cruz's story is not unique, or even unusual. In 2011, every one of Juma's young people in the Bay Area graduated from high school. Ninety percent of those high school graduates went on to enroll in college, almost twice the national average of low-income high school graduates who move on to college. As this book goes to press, 83 percent of Juma graduates who started college three years ago are on track to graduate in four years. These numbers are a cause for celebration and a reason for emulation.

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We begin with the story of Juma Ventures, not just because it is a mission-driven venture that has achieved enviable—and measurable—success, but also because Juma is a striking example for anyone who sees a problem—whether in his or her own community or in a community across the globe—and wants to take action to help solve it by attacking the problem at its source.

Since it began in 1993 by opening a single Ben and Jerry's Scoop Shop in San Francisco and hiring low-income young people to run it, Juma Ventures has been gnawing away at the root of poverty in America by helping young people from low-income families get a financial and college education and develop transferable job skills by running a profitable small business. All of these things will help them make better life decisions, keep them employed in good-paying jobs, and prevent them from slipping back into poverty. If they don't slip back into poverty, they won't depend for survival on government subsidy or private philanthropy.

This is not to suggest that traditional non-profit organizations—or social enterprises—should attack the source of the world's most challenging social problems, but ignore their symptoms. One million American children go to bed hungry, and fifty million Americans are unable to buy the food they need to stay healthy. So, clearly, traditional non-profits that focus on alleviating the symptoms of social problems (for example, by running soup kitchens or pay-what-you-can restaurants) are more important than ever.

What's so exciting about mission-driven ventures is that their potential is transformational. Organizations like Juma Ventures are game-changers. They do not make the condition of the disadvantaged more tolerable, but innovate and disrupt in ways that governments, philanthropies, and traditional non-profits simply cannot, given the challenges of public budget austerity and declining charitable giving. Juma's approach to combat the scourge of poverty is irresistible: give young people the tools they need to succeed in life and, when they do, encourage them to support Juma's programs by paying forward the life-changing kindness Juma showed them at a critical juncture in their development.

Now, for the first time, a Juma graduate sits on the organization's board of directors, and several other graduates help run Juma.

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The organization's goal is to have a graduate serve as its CEO within the next twenty years. If Juma and mission-driven ventures like it are able to continue to grow and replicate their tremendous success, they will significantly contribute to solving the world's most intractable social problems.

Juma's experience is a reflection of social and commercial enterprises' growing commitment to social accountability, environmental stewardship, and financial performance, the elusive new social compact that has been dubbed the "triple bottom line."

"FATHER G" AND HOMEBOY

Drive 350 miles south of Juma's headquarters, and you'll find Father Greg Boyle—"Father G" to some of the high-risk former gang members his Homeboy Industries employs, "G-Dog" to others—a charismatic visionary tackling the pain of poverty and unemployment in the mean streets of East Los Angeles with tactics Marc Spencer would likely endorse. Father Boyle's journey began in 1988 with the "Jobs For A Future" campaign he launched with Dolores Mission, where he served as a Jesuit pastor. Homeboy Bakery, a 1992 response to civil unrest in Los Angeles, came next, followed by non-profit economic development enterprises, including Homeboy Silkscreen, Homeboy/Homegirl Merchandise, Homeboy Diner, Homeboy Farmers Markets, Homeboy Plumbing, and Homegirl Café. The Homeboy strategy, providing training and work experience to rival gang members, brings them together in a common cause. Father Greg's mantra—"Nothing stops a bullet like a job"—is the slogan emblazoned on some of the T-shirts Homeboy Industries sells, and it's also the message he sells to everyone who will listen. G-Dog, a man of faith who believes in second chances and the power of redemption, delivers on his promise: his social conglomerate proudly claims to be the largest gang intervention, rehabilitation, and re-entry program in the nation.

Hector Verdrigo knows that the Homeboy approach works; it worked for him. As he tells it, "Gang lifestyle was in our family—all my aunts and uncles were involved. It was easy to get into the violent lifestyle of being a gang member and looking forward to going

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to juvenile hall to prove yourself. When you got out, you had to go to state prison.” But now Hector, a product of Homeboy, is Father Boyle’s right-hand man. Just as Marc Spencer expects Juma grads to take over its operations one day, Father G expects someone like Hector—and not a priest—to succeed him.

VANESSA BARTRAM AND WORKSQUARE, LLC

Across the continent, Harvard M.B.A. Vanessa Bartram found herself inspired by University of Michigan economist C.K. Prahalad’s argument that for-profit businesses can successfully fight poverty while delivering goods and services to the poor. Bartram’s Miami-based WorkSquare, LLC, South Florida’s first certified “B Corp,” profitably connects employers with reliable, low-wage temporary or temp-to-perm hospitality workers. WorkSquare keeps its fees low, rejecting the waiting periods and buy-out fees customary in the temp agency world. It even allows employers to hire temp workers permanently at no fee at all. Employers gain a risk-free and economical way to recruit new hires whom they can evaluate on the job before they offer them permanent employment. Low-wage job seekers, often lacking education and English language skills, are put firmly on the path out of poverty and toward permanent employment. What’s more, partnering with United Way of Miami, WorkSquare trains its employees for work readiness as well as financial literacy to ensure their long-term financial stability and, ultimately, their financial independence.

Vanessa Bartram’s achievements were recognized by the Hitachi Foundation, which in 2012 named her one of the top young entrepreneurs intent on building sustainable businesses in the United States. The workers she’s empowered earn more, spend smarter, and build wealth.

Take Hortense, who did a good job when she was a short-term hotel housekeeper, thanks to a WorkSquare opportunity. The organization was able to shift her to another hotel that offered her a permanent opening paying \$10.25 per hour. Leveraging her temporary assignment to secure full-time employment positioned Hortense for a brighter, more self-sufficient future.

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Social enterprises like Juma Ventures, Homeboy Industries, and WorkSquare, all shining examples of thought leadership, have become mainstream. They disrupt through innovation. They join forces as a community of change-makers. They scale through collaboration. They blur the lines between for-profit and non-profit. They embrace sound business principles. They create business models wherein measurement is integral to the normal course of meeting a challenge. And they abandon the systems that no longer work.

THE ORIGIN OF MISSION-DRIVEN VENTURES

But how did we get here? The origin of mission-driven ventures in the United States can be traced back to pre-Revolutionary New England when for-profit enterprises and organizations that promoted the social welfare were seen as necessarily separate and distinct, such that the latter's missions could only be funded with private donations. This conceptual distinction was preserved throughout the 19th century, with the establishment of charitable trusts and foundations by wealthy industrialists like Andrew Carnegie, and even through most of the 20th century. Adopted as federal law in 1954, Section 501(c)(3) of the U.S. Internal Revenue Code perfected the non-profit organization as we know it today—an organization with the sole purpose of engaging in charitable, educational, or other benevolent activities. Because non-profit organizations engage in only these kinds of activities—and, by definition, do not seek profit—they generally pay no taxes to federal, state, or local governments.

Traditionally, non-profits were funded almost entirely through government grants and private donations. But over the last thirty years or so, non-profits have come to rely more heavily on “earned” revenue generated from businesses that are substantially related to the charitable, educational, or other activities they are organized to carry out for the public good.

Just as non-profit organizations started to embrace for-profit business opportunities to diversify their sources of revenue while pursuing their missions, for-profit businesses began to engage in

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activities traditionally left to the nonprofit sector. The turning point may have been in 1967 when William C. Norris, then the CEO of supercomputer manufacturer Control Data Corporation, opened production plants in several impoverished cities and rural areas to create jobs that provided stable incomes and high-tech training for people who otherwise would have been left behind, like so many of the youth Juma Ventures serves. Norris was inspired by legendary Urban League president Whitney Young, who rallied against the social and economic injustice young African-Americans had long suffered. Norris also witnessed firsthand the 1967 Minneapolis race riot, painful evidence of that very injustice. Many contemporary corporations have followed Control Data's lead, adopting socially responsible practices either in the form of corporate philanthropy (dedicating a portion of their profits to fund activities that are socially beneficial) or as part of their business models (sourcing fair-trade agricultural products for which buyers pay more so that farmers in the developing world can earn more).

They have many reasons to do so. For one thing, it's good for their bottom lines. According to B Lab, over sixty million Americans today say that it's not just the cost, convenience, and quality of the products they buy that matter to them; it's also their social and environmental impact. Moreover, according to Raj Sisodia of Babson College, publicly traded corporations that compensate their employees generously, invest in their communities, and make a conscious effort to reduce their adverse impact on the environment outperformed the S&P 500 Index by a factor of 10.5 over the years 1996 to 2011.

These companies treat their stakeholders well, so their suppliers are happier to do business with them. Their employees are more engaged, productive, and likely to stay with them for the long haul. They are welcome in the communities in which they do business. And their customers are among the most loyal, according to Sisodia.

But it's not only profitability that motivates these corporations to adopt socially responsible practices. It's also the belief that for-profit businesses can be a force for economic and social good, more so perhaps than any other economic sector.

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BUSINESSES DRIVE SOCIAL CHANGE

Consider, for example, the TATA Group, India's largest private employer, whose more than eighty companies employ 200,000 people in steel, automobile, software, consumer goods, and telecommunications ventures. About two-thirds of the equity capital of the company's parent firm, Tata Sons Ltd., is held by philanthropic trusts established in the 1860s. The TATA Group's founder, Jamsetji Nusserwanji, noted long ago that "in a free enterprise, the community is not just another stakeholder in business but is in fact the very purpose of its existence." Decades later, Manoj Chakravati, another corporate officer, framed the company's mission this way: "Corporate Social Responsibility should be in the DNA of every organization. Our processes should be aligned so as to benefit the society. If society prospers, so shall the organization . . ."

To Ratan Tata, a former chairman of the TATA Group, writing with Stuart L. Hart, Aarti Sharma, and Christian Sarkar in the June 18, 2013, issue of *MIT Sloan Management Review*, "the maximization of profit is not a purpose; instead it is an outcome." Their thesis is: "Profits are like happiness in that they are a byproduct of other things. Those who focus obsessively on their own happiness are usually narcissists—and end up miserable. Similarly, companies need a purpose that transcends money; they need sustainability strategies that recognize that you can make money by doing good things rather than the other way around."

The strategy has worked well over the long term: Tata Chemicals first introduced iodized salt to address iodine deficiency, then fortified iron in Tata Salt to combat anemia. The company has also invented an affordable, nanotechnology-driven water purifier that has transformed the barren village of Mithapur in Gnarat into a thriving community. The company went on to create an "Innovation Centre," built exclusively around social issues and sustainable value. The initiative has been a leading driver of revenue, profits, and jobs.

A duty to contribute to the social good has recently been incorporated into Indian corporate law. The Indian Companies Act

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of 2013, which took effect on April 1, 2014, mandates large firms in India (including many American multi-national enterprises) to follow the TATA Group's lead and exhibit greater social responsibility. Firms with a net worth of Rs 5 billion (about US \$82 million) or more, annual turnover of Rs 10 billion (about US \$164 million) or more, or net annual profits of Rs 50 million (about US \$820,000) would be required to invest at least 2 percent of their annual profits on CSR initiatives. Jamsetji Nuserwanji's legacy continues.



Or look at the Bosch Group, a leading global manufacturer of automotive, building, and industrial technology as well as consumer goods. Following a tradition established by its founder, the company sees social and environmental issues inextricably linked to its future: "If Bosch is to remain a stable company, [it must] come to terms with the instability of the world at present. Accelerating globalization, the need for environmental protection and impending energy supply shortages mean that Bosch's corporate strategy must take into account social and environmental concerns." And, indeed, it does: the company has embraced the core labor standards of the International Labour Organization, acknowledging human rights, equality of opportunity, the rights of children, and fair employment conditions.



And then there's Mozilla Corporation, a wholly owned, taxable subsidiary of the Mozilla Foundation, which manages Internet-related applications such as the Firefox and SeaMonkey web browsers. The corporation, which handles the revenue-related operations of the foundation, invests most of its profits back into Mozilla projects to "promote choice and innovation on the Internet." Mozilla is a sustainable, transparent community, which demonstrates that commercial companies can benefit by collaborating in open source projects. Market mechanisms support Mozilla's public-benefit mission.



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To cite still another example, Raytheon, the international aerospace and defense contractor, is committed to energy conservation, safety, and diversity. MathMovesU, the STEM education initiative to which the company has contributed more than \$100 million since 2005, helps build the U.S. talent pipeline to encourage the next wave of innovators and technologists. Pam Erickson, Raytheon's vice president of community relations, sees that, "Good corporate citizenship is good business."



Garrett Hasenstab, the director of sustainability at the Verdigris Group, the real estate development group, seems to agree. He notes that the company's CSR policy is at the core of its daily operations. Verdigris' clients value its environmentally conscious work because they seek a healthier, more productive, energy-efficient world. No doubt he's right: customers and employees alike are demanding that corporations everywhere operate sustainability and ethically, thereby contributing meaningfully to the global community we share.



Perhaps most notably, TOMS Shoes has built its brand around a buy-one-give-one charity model ever since the company's founder Blake Mycoskie's heart was touched by the enormously disadvantaged barefoot children of Argentina. At first, the well-intentioned Mr. Mycoskie didn't see that a free pair of shoes doesn't bring education, public health services, or economic development to the poor and might, in fact, foster an aid-based local economy. Rather than helping solve a social problem, in-kind charitable donations might actually sabotage local businesses and distort local markets. To its credit, TOMS Shoes is rethinking its business model, for example, committing to manufacture some of its shoes in Haiti, employing Haitians and helping build a sustainable shoe industry there. TOMS understands that merely giving goods to the impoverished, although making its consumers feel good, won't itself ameliorate poverty.



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The truth is that Corporate Social Responsibility (CSR) should not be uncritically accepted as a legitimate reflection of a company's commitment to deliver a positive social impact. Some skeptics see CSR as a public relations counter-offensive to offset the ill will that results from a company's perceived social or environmental underperformance or, as in the case of TOMS Shoes, a misdirected, albeit compassionate, branding strategy. Others, following the lead of hawkish economist Milton Friedman, who provocatively insisted that "the social responsibility of business is to increase its profits," continue to dismiss any suggestion that corporations owe a moral duty to society.

Yet, Friedman's take may not radically diverge from the view of Adam Smith, the father of modern economics, who, in his iconic 1776 work, *The Wealth of Nations*, famously declared, "What improves the circumstances of the greater part can never be regarded as an inconvenience to the whole. No society can surely be flourishing and happy of which the far greater part of the members are poor and miserable."

Milton Friedman could foresee a place in our economy for the mission-driven venture. In 1970, when defending profit as the ultimate goal of business, he allowed for the possibility that "a group of persons might establish a corporation for an eleemosynary purpose—for example, a hospital or school. The manager of such a corporation will not have money as his objective, but the rendering of certain services." Although Friedman wouldn't have endorsed a manufacturer's dedication of its profits to launch a soup kitchen, neither would he have objected to a business whose mission is to run soup kitchens successfully within the free-market system. Nor would he have quarreled with a profitable business's pursuit of a market opportunity that provides a direct societal benefit. To him, selling fresh produce in a food desert might make perfect sense; giving away that produce undoubtedly would not.

Although Milton Friedman and other free-market capitalists might support the notion that some private enterprises could legitimately serve a public good, they generally draw a bright line between corporate good—the pursuit of profit—and social good. The opposite view, espoused by noted Harvard Business School

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professor Michael E. Porter, who popularized the notion of “shared value,” invites companies to “take the lead in bringing business and society back together.” To function, capitalism needs both a brain and a soul. Without accepting, even embracing, their social and civic responsibilities, most enterprises today simply would not survive.

PROFITS AND PURPOSE

No matter how good companies’ intentions are or how deep their commitment to social responsibility, corporate law in the United States and elsewhere is often understood to require them, first and foremost, to maximize shareholder value. While Professor Porter argues that all businesses should reinvent themselves as social enterprises, the shareholder primacy rule continues to collide with concerns about the ends to which profits are pursued, how they are gained, and where their impact is felt. However socially responsible businesses might want to be, whether by ensuring that their employees are well paid or shrinking their environmental footprint, the results of corporations’ socially responsible practices just aren’t great enough, at least yet, to solve the formidable social problems we face in America and throughout the world.

Sadly, the same applies to government and traditional non-profits. The work they do is critically important, but the hard truth is that their resources are not up to the challenge: some 842 million people in the world go hungry every night according to the Food and Agriculture Organization of the UN, at least 80 percent of the world’s population lives on less than \$10 per day according to the World Bank, and 783 million people in the world lack access to clean water according to UNESCO. There’s much more work to be done, and mission-driven ventures are doing much of the heavy lifting.

Mission-driven ventures in the United States have joined forces in the Social Enterprise Alliance (“SEA”), an organization with sixteen chapters in major American cities that connect mission-driven entrepreneurs, promote their ventures, and advocate for public policy that will help them drive positive social change on a scale as large as the problems they work to solve. Since 2010, SEA

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has partnered with its sister organizations in other countries to put on the annual Social Enterprise World Forum, which allows mission-driven entrepreneurs from around the world to network and collaborate as they advance social enterprise development internationally.

In academia, centers or programs for the study of mission-driven ventures have been established at some of the world's leading business schools, including Harvard, Yale, Stanford, Northwestern, Duke, and Berkeley. Oxford's Skoll Centre for Social Entrepreneurship has for several years played host to the annual Skoll World Forum, the world's premier conference for international social enterprise collaboration. More and more MBA students are forgoing high-paying, status-conferring jobs and instead are pursuing careers with mission-driven ventures in order to make a positive difference. Business schools have responded to this shift. According to the Bridgespan Group, the number of social enterprise courses offered by the nation's top MBA programs has more than doubled over the last decade. And members of America's most educated and tech-savvy generation, the Millennials, are founding startup companies that make money by solving social and environmental problems through the use of such tech innovations as crowd-funding and computer application software.

The Association to Advance Collegiate Schools of Business (AACSB) International, numbering 670 accredited institutions in nearly fifty countries and territories, recently revised the core principles underlying the business curricula it sanctions to encourage an academic commitment to environmental sustainability and corporate social responsibility. According to Linda Livingstone, AACSB's vice chair and the dean of the Graziadio School of Business at Pepperdine University, "Early on, this movement was probably very much driven by individuals who had a personal passion. Some of them created their own companies around that passion, whereas others brought it into the companies they were part of. But I think, as it has developed and become more widespread, companies began to realize it can also be good for business and it can be profitable."

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At the same time, many of the most influential members of the private sector have called for the reinvention of capitalism as a force for social good in the 21st century—a *sustainable* capitalism in which long-term success is inextricably linked with serving a higher social purpose. Jay Coen Gilbert, a co-founder of the successful basketball shoe and apparel company AND1, believes we have reached a turning point in the evolution of capitalism where the 20th century model of maximizing the value of shareholders' investments without regard to the social and environmental impact of companies' business activities is giving way to a 21st century model of companies doing business in a way that creates value for their shareholders, their workers, the communities in which they do business, and the environment. Gilbert and his partners, Andrew Kassoy and Bart Houlihan, are using B Lab, the non-profit organization they founded, to build a nationwide community of certified "B Corps" to make it easier for people "to tell the difference between good companies and good marketing." Certified B Corps (like Vanessa Bartram's WorkSquare, LLC) are sustainable businesses and for-profit social enterprises that meet B Lab's rigorous standards of social and environmental performance and legal accountability. The chairman and CEO of the British retailer Marks & Spencer, boasting over 1,000 stores in forty countries, issued a warning to companies everywhere that B Lab might echo: if companies fail to adopt sustainable business models, they will become casualties of the combined forces of population growth, diminishing resources, and global climate change.

Governments, both in the United States and abroad, have also begun to see the power of the mission-driven venture. In the United States, the Obama Administration created a White House Office of Social Innovation and Civic Participation within the President's Domestic Policy Council in May of 2009. The Office is tasked with engaging individuals, non-profit organizations, for-profit companies, and government entities to develop community-based solutions to America's social problems. Most notably, it established the Social Innovation Fund (SIF), administered by the Corporation for National and Community Services, which mobilizes public and private resources to find and grow community-based nonprofits

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with evidence of strong results. SIF makes annual grants ranging between \$1 million and \$10 million for up to five years to intermediaries that provide technical assistance and funding to innovative social programs in local communities. SIF has already raised more than \$350 million in private capital to support more than 200 nonprofit organizations, many of them social enterprises, and it has led the way for similar programs within the U.S. Department of Education, the U.S. Department of Commerce, and the National Aeronautics and Space Administration.

Reflecting the growing national commitment to social enterprise, Rhode Island Congressman David N. Cicilline, joined by eleven co-sponsors from eleven states, introduced a bill in the U.S. House of Representative on May 17, 2013, that would create a Social Enterprise Ecosystem and Economic Development Commission. The Commission would identify opportunities for the federal government to engage social enterprises more effectively in creating jobs and strengthening local economies.

In the United States, government has been most encouraging of mission-driven ventures at the state and local levels. A growing number of states, laboratories of innovation, have adopted legislation that authorizes the creation of “Benefit Corporations”—business corporations pursuing a material, positive impact on society and the environment, as measured by a third-party standard. Eight states and two tribal nations have adopted legislation that authorizes the creation of low-profit, limited liability companies (“L3Cs”). The L3C combines the financial advantages and governance flexibility of the traditional limited liability company with the social advantages of a non-profit entity.

Illinois has even created a Task Force on Social Innovation, Entrepreneurship, and Enterprise (which the author chairs), whose purpose is to make recommendations to the governor and legislature on how the state can create, scale, and sustain innovative social programs; build the capacity of non-profit organizations and government to pursue entrepreneurial ventures; and attract funding to the state to support these ventures.

New York City stands out among municipalities in its steadfast determination to fund innovation. The NYC Center for Economic

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Opportunity (CEO), the 2011 winner of the Innovations in American Government Award, collaborates with twenty-eight city agencies to launch and scale up more than fifty programs and policy initiatives. CEO, the brainchild of then-Mayor Michael Bloomberg, not only designs, implements, and measures unique programs intended to combat poverty. It also spurs private-sector investment and fosters a culture of invention and evidence-based decision making throughout city government.

Innovative, private-sector efforts are also grabbing the attention of governments outside the United States. In the United Kingdom, 131 elected officials, including Prime Minister David Cameron and Liberal Democratic Party Leader Nick Clegg, pledged their support for the social enterprise movement by signing a charter published by the Social Enterprise Coalition, a sister organization of the Social Enterprise Alliance in the United States. In addition, the European Commission has established a Social Business Initiative to create an environment favorable to the development of mission-driven ventures in Europe.

The Pay for Success model, piloted in the United Kingdom and Australia as Social Impact Bonds and Social Benefit Bonds, respectively, is a new way of financing social services to help governments target limited funds to achieve a positive, measurable outcome. The approach has been adopted by the U.S. government in separate efforts to reduce recidivism rates and homelessness. A number of U.S. cities, counties, and states are following suit.

This surge of enthusiasm for mission-driven ventures is itself empowering. More and more non-profit organizations, businesses, universities, and governments in the United States and abroad have become believers and dedicate the talent, capital, knowledge, and spirit it takes to help mission-driven ventures realize the enormous potential each of them clearly sees.

OUR AGENDA

This book was written for those who, like Juma Ventures', Homeboy Industries', and WorkSquares' champions, have enthusiastically signed on to the new social compact—entrepreneurs; socially

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conscious individuals; thought leaders; impact investors; and non-profit, social enterprise, and foundation managers who are passionately committed to social innovation and positive social change. It will offer actionable guidance about business models and entity choices available to the social entrepreneur, governance issues that can arise when mission and profit objectives clash, funding challenges and solutions, tax advantages and traps, entrepreneurial linkages between non-profits and for-profits, certification opportunities, and the measurement of social outcomes. We hope that the real-life case studies we report will inspire you to become the agent of change you were destined to become, to face down the most daunting of social problems that plague society, and to empower the disenfranchised whose lives you never imagined you'd change forever.