



THE WILLIAM DAVIDSON INSTITUTE
AT THE UNIVERSITY OF MICHIGAN

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FROM THE EDITOR

Dear friends and colleagues:

It has been an exciting year for the WDI Social Enterprise Initiative. We met many inspiring individuals and organizations that are furthering the social enterprise field. We greatly expanded our community, our activities, and are exploring various innovative ways of documenting and disseminating our findings.

Being located at the University of Michigan's Ross School of Business is a valuable asset. First, we utilize some of the top business professors in the nation to provide valuable consulting services and training for our growing community of NGOs interested in adopting various business strategies. We also tap into the talented community of graduate students to go on short term consulting engagements and to document best practice through case studies. We will also be placing several students at NGOs focusing on social enterprise through WDI's Global Impact Internship program.

In 2006 we plan to focus on external fundraising in order to provide more opportunities and resources to our Alliance members. We are always interested in partnering with NGO Alliance members to apply for funding for specific projects, so please contact us with any ideas you have.

We have started to provide business skills training to NGOs through our Executive Education programs and plan to expand this activity. This year we will survey our community to identify which business skills are most needed in order better to tailor our trainings.

We will continue to add to our online resources and hope to be valuable "one stop shop" for social enterprise news. On this front, we are launching a Social Enterprise discussion forum for Alliance members in Latin America and the Caribbean and plan to do the same for Central and Eastern Europe later this year.

A further goal for this year is to share interesting and relevant domestic success stories with our Alliance members and facilitate connections when useful.

There are many interesting social enterprises in the Detroit area which aim not only to generate revenue for the organization but also to create jobs for constituents and serve as a real economic development tool. One inspiring example is [Focus Hope Enterprises](#), the for-profit arm of the renowned Detroit nonprofit [Focus Hope](#).

[The Nonprofit Enterprise at Work Center \(NEW Center\)](#) located in Ann Arbor is a "under one roof" NGO resource center which runs various revenue generating programs. Many of their innovative programs could be useful models.

Best wishes for a wonderful 2006!

Kelly Janiga
Manager of the Social Enterprise Initiative

IN THIS ISSUE

From the Editor	Page 1
Nonprofit looks to Tamale Sales to Aid its Work with the Homeless	Page 2
Interview with Jordan Kassalow	Page 3
Recommended Reading	Page 4
NGO in the Spotlight	Page 4
Social Enterprise Forum	Page 5
Social Enterprise Speaker Series	Page 5
New Social Enterprise Fellows	Page 5
New Members of Alianza ONG	Page 5
Funding Opportunities	Page 6
Alliance Member Announcements	Page 7-8

*Now you can go directly to any article
just by 'clicking' on the title!
Watch for other link options throughout the newsletter!*

NONPROFIT LOOKS TO TAMALE SALES TO AID ITS WORK WITH THE HOMELESS

BY WILLIAM McELNEA

In areas of the world where resources are scarce, nonprofits must find innovative ways to both sustain themselves and expand their services. The U.S.-Mexico border region along South Texas and Northern Tamaulipas is no exception. While working at the Cross Border Institute for Regional Development (CBIRD) in Brownsville, TX last summer, I was assigned to a social enterprise project that involved a nonprofit called the Ozanam Homeless Shelter. Ozanam provides temporary shelter to both illegal immigrants and Brownsville-area homeless for a maximum period of thirty days. During this time residents are offered three meals a day, clothing, English classes, medical attention, and education (for youth residents).

Though Ozanam provides a valuable short-term relief service to border region homeless, the group recognized its services were limited in scope and were unlikely to produce positive long-term results. Due to cuts in government funding for Texan nonprofits and lack of private funding streams, Ozanam's options for program expansion/improvement were limited at best. Therefore, in an effort to develop halfway house services to residents, Ozanam agreed to work with CBIRD in developing a social enterprise that would eventually support such a program. As a nonprofit unable to make a substantial upfront investment on a for-profit venture, it would have to play to its strengths to make any such venture work. Ozanam benefits from a few key features that facilitate starting a business, particularly with regard to food production. These include: a) an abundance of resident workers, b) a restaurant license (required by law to serve food to residents), c) a fully equipped kitchen, and d) experienced on-staff cooks.

Following a lengthy decision-making process and some local market research, Ozanam decided, with CBIRD's endorsement, to begin production on a low-carb tamale - a fusion of a traditional Mexican food with a mainstream, diet-conscious label. No such food existed in the region and it was rare to find tamales in major local supermarkets. Due to a special arrangement made with regional Wal-Mart stores, Ozanam had established a venue in which it could sell its product [see [NGO](#)

[Success Quarterly, October 2005](#)]. Having addressed the major issue of product exposure, the challenge that remained involved one of capacity. Ozanam's existent production capacity was going to be insufficient in meeting demand should demand grow rapidly. It therefore had to develop a contingency plan that could provide additional capacity should demand outpace supply.

To assist them in addressing Ozanam's capacity issues, CBIRD looked to the University of Texas Brownsville's International Innovation Center (IIC), a small business incubator aimed at developing business ideas with significant growth potential. IIC offers work/office space at exceptionally affordable rents in order to assist small businesses. It then provides in-house business services needed to promote growth: small business loan resources, export-import logistical assistance, a variety of business education classes, and workforce training. The IIC, together with CBIRD, identified a health code compliant production facility at the Center that Ozanam could utilize in the event that their on-site facilities became inadequate. Though Ozanam has not yet found it necessary to expand its operations into the IIC's facilities, its existence as a resource to local social enterprises demonstrates the value of community linkages in improving local economies and social services. Ozanam has continued to develop its low-carb tamale enterprise with help from business school professors at the University of Texas at Brownsville and logistical assistance from CBIRD, and the group continues to make great strides in generating added revenues toward its expansion as a nonprofit.

Bill McElnea is a graduate student at the University of Michigan's Gerald R. Ford School of Public Policy. During his time there, Mr. McElnea has conducted extensive field research focusing on the potential of microenterprise and social enterprise development along the U.S.-Mexico border.





AN INTERVIEW WITH JORDAN KASSALOW

*J*ordan S. Kassalow is Co-Founder & President of [Scojo Vision, LLC](#) and Co-Founder and Chairman of the [Scojo Foundation](#). In 1999, Jordan co-founded Scojo Vision LLC, a leading designer and distributor of high-end reading glasses and accessories in the United States, Europe, Canada and Japan. A year later, he and his partner designated 5% of the company's profits to fund the Scojo Foundation, a social enterprise that trains entrepreneurs in developing countries to give basic eye exams and sell low-cost reading glasses in their communities. Dr. Kassalow earned a BA from the University of Vermont, graduated Beta Sigma Kappa from the New England College of Optometry, and holds a Masters of Public Health (MPH) from John Hopkins School of Hygiene and Public Health.

What was the need that you saw at the Base of the Pyramid (BOP) and how did you respond?

Over the years of working with different organizations I kept seeing the same problem over and over again—people were losing their livelihoods in huge numbers because they could not focus up-close. This is just a fact of life; after the age of 35 to 40 people lose their ability to focus on small, up-close objects. Thus, while in the United States you can go to your local pharmacy and buy a pair of very inexpensive reading glasses this option was not available in most parts of the developing world. People lose their productivity and their livelihoods if they are weavers, tailors, and artisans all for the lack of such a simple and inexpensive product. I kept seeing this problem over and over again while I was working in Latin America, Africa, or Asia and no one was really addressing the issue. After a while of seeing it and coming up with ideas for solving that problem I decided with [my partner] Scott that we were going to use market based solutions to address the problem.

How big is the problem and how have you attempted to solve it? The scale of the problem is basically how many people there are in the world over the age of 35 or 40. Ninety-percent of these consumers are at the base of the pyramid and the market is underserved. We estimate that less than 5 percent of those in the developing world have access to eyewear. To solve the problem, we started testing a number of different strategies. The first strategy that we came across we called the “vision entrepreneurial strategy” That strategy basically trained and equipped people in small businesses to determine very simply if a person needs a plus-1, plus-2, plus-3 reading glasses and then we provide them with the products needed to start their own small business. The case we provide them with includes: a mirror, some promotional material, marketing material, banner, etc. With that “business in a box” they are equipped to go into the villages and to do screening for a simple pair of reading glasses. If members of the community need reading glasses the “vision entrepreneurs sell it to them, and if they need something more advanced, then they are referred to partner clinics where they can obtain more advanced eye care.

What is the local impact of this in the field? The impact has been fantastic. First, there is the immediate gratification. With the act of putting on the glasses you see wonderment come to a person’s face and they comment, “Oh my God, I can see.” For some of them, they are seeing things up-close for the first time in ten or twenty years. One of my favorite stories is of a woman in Guatemala who had not been able to read her Bible. We put the reading glasses on her and suddenly she could see her Bible and she was so thrilled that the next day she gifted us with 10 chickens.

But this is a business and not charity, correct? Yes, this is a business. We sell the glasses to the local entrepreneurs and they in turn sell them in the local villages. The good news is that we are able to produce the glasses at a very low cost and thus able to sell them to the average person in these [developing country] markets. These glasses will retail to the user for roughly \$1.50-5.00.

What are some of the big challenges that you have faced and how have you overcome them? We have a lot of challenges. Working at the base of the pyramid is very rewarding but also very challenging. One challenge that we have is retaining our vision entrepreneurs. When we first started, about 20% of the entrepreneurs stayed and about 80% failed in the business. We are currently at 50% who stay for a year or longer. We are now starting to learn the characteristics of what makes a successful entrepreneur. We are at a place now where we are still not perfect but 50% is not bad compared to our for-profit entity in the United States.

Now that you are working in a number of countries, what's next? I think what is next is that we will probably pause in regards to geographic expansion. Rather, I think we will really look at India and Bangladesh as our central focus and work really hard in better developing our economic model. It is important that we are confident that we have the right model for scaling. Then, in a year or three, after we have developed a proper economic model, we will consider other countries such as Brazil, China, and Africa.

To hear the full interview with Dr. Jordan Kassalow, please visit <http://www.wdi.umich.edu/Publications/VideoAudio/>

RECOMMENDED READING

The Music of Management: Applying Organization Theory, by Young, Dennis R., Ashgate Publishing, 2004.



Written by one of the leading NGO management thinkers, *The Music of Management: Applying Organizational Theory* provides insight into the challenges of management by combining organization theory and case studies with knowledge drawn specifically from the world of music.

Author Dennis Young explores how we think about organizational management, how organizations work, how management challenges can be addressed, and how organizational behavior can be better understood in alternative contexts. Four specific management challenges are analyzed: coordination, work force motivation, market positioning, and managing change and innovation. *The Music of Management* is a must for academics, practicing managers, students and teachers.

NGO IN THE SPOTLIGHT

[La Asociación Pueblos en Acción Comunitaria \(PAC\)](#)

PAC is our most recent member and the first NGO to join us from Nicaragua. PAC is a membership organization supporting small and medium size farmers to market their crops in economically sustainable ways. In each rural community, PAC forms a self-help Group for Economic Development (GADE), in which farmers and rural families are organized to seek and implement their own business initiatives. PAC's mission is "to establish a favorable environment for local sustainable development focused on diversification of the agricultural production base, fomenting private investment and capital formation within a context of transparency and equal participation of all the actors, so that farmers, small business owners, artisans, and other participants increase their income levels, and strengthen the basis of rural economy and the civil society in the regions where PAC exists."

PAC grew out of the interest of farmers working together in a number of sustainable development projects in Northern and Southeastern Nicaragua in the early 1990's. The overall focus of the rural families that make up the membership is to create an organizational model of development that enables them to improve their living standards. They seek to do this through integrating the economic, physical, social, and spiritual of their lives in a holistic fashion, while at the same time preserving, restoring, and managing rationally the natural resources and biodiversity in their communities.



PAC's vision is to become a resource for small farmers in resource development, administration, and implementation in the areas of agricultural marketing and production, natural resource management, small business development and strengthening, credit intermediation and financing. The organization's ultimate goal is to serve agricultural communities, while making all of their programs financially and technically self-sufficient.

SOCIAL ENTERPRISE FORUM

WDI is launching a Social Enterprise Forum for Alianza ONG members and others interested in social enterprise. The Forum is a platform for civil society organizations to share ideas, best practice, events, funding opportunities and publications. It also serves as a gathering point for information about fair trade/social enterprise merchandise. We invite all of our Alianza ONG members to use this resource to share information with your colleagues in other Latin American & Caribbean countries. We will be creating a similar discussion forum for the Central & Eastern Europe and Eurasia NGO Alliance in the coming months.

SOCIAL ENTERPRISE SPEAKER SERIES 2005-2006

William Davidson Institute's [Social Enterprise Speaker Series](#) is a monthly event that brings renowned policy and research leaders in the field of social enterprise to the University of Michigan. Past speakers include Robert Grove, Co-Executive Producer, PBS's "The New Heroes"; Dennis Young, Professor, Andrew Young School of Policy Studies, Georgia State University; Dr. Jordan Kassalow, Co-founder and Chairman of the Scojo Foundation, an organization to bringing low cost reading glasses to individuals in developing countries; and Kim Alter, Visiting Fellow at the Skoll Centre for Social Entrepreneurship at Oxford University Founder, Virtue Ventures.

Upcoming speakers, include Valeria Budinich, Vice President of the Full Economic Citizens Initiative, Ashoka USA; Nicole Etchart, Co-Founder and CEO of NESsT; Tom Reis, Program Director at the W.K. Kellogg Foundation. Write ups and video clips of past talks and interviews with the speakers are available at: <http://www.wdi.umich.edu/Publications/VideoAudio/>

WDI SOCIAL ENTERPRISE FELLOWS

We are pleased to welcome two new Social Enterprise Fellows – Norman Bishara and Allan Bussard. Norman Bishara, visiting assistant professor of business law at the University of Michigan Ross School of Business. Professor Bishara is interested in NGO development, particularly in the Middle East, and has worked extensively with Michigan's Nonprofit and Public Management Center. Allan Bussard has worked in economic development and business management in Central and Eastern Europe. After founding the Integra Foundation, in Slovakia, he pioneered the expansion of the Integra Venture into Russia, Tomania, Serbia, Croatia and Bulgaria. Integra aims to alleviate poverty, reduce unemployment and help transform communities by supporting the development of hundreds of small businesses in the depressed and developing areas of Central and Eastern Europe.

A WARM WELCOME TO NEW MEMBERS OF ALIANZA ONG

We are pleased to welcome the [Community Agroecology Network \(CAN\)](#) – and its Agua Buena, Coto Brus, Costa Rica sustainable agriculture cooperative – to the Alianza ONG. Among CAN's social enterprise activities are selling coffee directly from Agua Buena on their website and managing a well-established sustainable agriculture internship program at Finca Loma Linda. CAN hopes to further expand their income generating capacity through these and other programs.

We also welcome new member [Comité para la Democratización de la Informática \(CDI\) Chile](#), an organization that works to improve access to technology among marginalized populations. CDI Chile opened in 2001 as a franchise of CDI Américas, an organization founded in Brazil. CDI Chile has opened over forty citizenship and information schools in Chile since its inception, and each school functions semi-autonomously and is designed to be largely self-sustainable.

FUNDING OPPORTUNITIES

WDI Teeter Scholarships

The William Davidson Institute (WDI) and the Zagreb School of Economics and Management (ZSEM), will be offering [Teeter Scholarships](#) to attend two WDI executive education courses this spring. Managers of non-governmental organizations and small, regional firms in emerging markets may apply for a Teeter Scholarship, scholarships are awarded on a competitive basis. Please note: the scholarship will cover the cost of tuition only. Participants will be responsible for covering their own travel and lodging costs.

Brand Management & Marketing Communications

Ljubljana, Slovenia March 13-14, 2006

Learn how to develop a strategic approach to developing your brand and create a powerful marketing communications plan. Taught by Rajeev Batra, a top marketing professor and leading expert on global branding from the Ross School of Business at the University of Michigan. Open to brand managers, marketing communications managers, advertising & PR managers.

General Management Program (GMP)

Zagreb, Croatia May 15-25, 2006

The GMP is an intensive 10-day “mini-MBA” certificate program covering 5 key management areas: Marketing, Strategy, Leadership/OB, Finance, and Accounting. The GMP program is taught in English and is open to managers from throughout the entire region.

Charles Stewart Mott Foundation

[The Mott Foundation](#)'s funding priorities for the [CEE/Russia region](#) target programs that address cross-border and regional issues, as well as those that benefit the entire CEE/Russia region. The Foundation is most interested in regional programs that promote networking and information dissemination among groups addressing our core Civil Society themes of the nonprofit sector and philanthropy; rights, responsibilities and participation; and race and ethnic relations. The Mott Foundation recognizes the importance of sharing information and expertise among countries in CEE/Russia on common challenges and issues. This exchange promotes use of best practices and reconnects isolated societies, local communities and people across borders. Since EU enlargement is one of the most important developments currently shaping the CEE/Russia region, Mott places a special emphasis on supporting initiatives addressing the impact of EU enlargement on the region.

The Mott Foundation's funding priorities for [Bosnia and Herzegovina, Croatia, and Serbia & Montenegro](#) are centered in the belief that it is critical to strengthen the democracies of the region from the grassroots, to build on the positive developments in recent years, and to support civic leadership locally and nationally. This means helping people to reconnect to their communities and societies and to participate effectively and constructively in decisions and changes affecting their lives. Additionally, the Foundation seeks to support greater understanding and constructive dialogue among ethnic communities about the past, particularly with respect to the wars in Bosnia and Herzegovina, Croatia, and Serbia & Montenegro, in order to build long-term peace and stability.

Atlas Economic Research Foundation

[The Atlas Economic Research Foundation](#) has ongoing programs that offer prizes, and other opportunities for organizations promoting democracy and liberal thinking. Below are a couple of the awards that Atlas will be granting in the coming months.

The Freda Utley Prize for Advancing Liberty

The Atlas Economic Research Foundation has established the Freda Utley Prize for Advancing Liberty to reward the efforts of think tanks in difficult parts of the world that are most effective in spreading the ideas of freedom (limited government, the rule of law, free enterprise, the dignity of the individual, etc.). This annual Prize will provide a \$10,000 reward to a single winner that demonstrates excellence in reaching a broad audience or having a substantial impact on opinion-makers, so that concepts relating to freedom become better understood. The deadline for applying is August 31, 2006.

Sir Antony Fisher International Memorial Awards

The Fisher Award recognizes institutes that have published a book, report, monograph, or study that, in the opinion of the judges, makes the greatest contribution to public understanding of the free economy. The deadline for this award is February 1, 2006 and winners will be announced at [Atlas's 6th Annual Liberty Forum](#) in Colorado Springs, CO on April 21, 2006. There is a \$10,000 prize for New Institutes (younger than five years), \$5,000 for Distinguished Institutes (five years or older), and \$2,000 for Innovative Projects.

ALLIANCE MEMBER ANNOUNCEMENTS

NGO ALLIANCE CENTRAL & EASTERN EUROPE & EURASIA (CEE)

Transparency International Czech Republic's Survey Results Published on Corruption in the Czech Business Sector

NGO Alliance member [Transparency International-Czech Republic](#) recently conducted a survey and published a report on the extent of corruption in the Czech business sector.

According to their findings, 4 out of 5 interviewees are convinced that corruption in business relations represents a competitive advantage; however, impressions of corruption differ based on whether or not its actions are beneficial to the company. To tackle corruption, 3 out of 5 surveyed companies have implemented international ethical norms or instructions. These take manifold forms, including: unwritten rules of the company's culture, internal norms, ISO standards, and written and binding codes of ethics. However, as Transparency International-Czech Republic notes, codes of conduct remain little more than empty shells if the management of the firm fails to lead by example and all for open communication. Contact Ms. Adriana Krnacova at krnacova@transparency.cz for more information.

Romania: National Conference "Aging – Present and Future"

On October 5, 2005, WDI NGO Alliance member [The Princess Margarita of Romania Foundation](#) hosted a national conference, "Aging—Present and Future". The event is aimed at improving the quality of life of the elderly people, providing a better understanding of the issues faced by institutions providing social services in this field and identifying realistic solutions. The conference was an opportunity for partnership and dialogue for public and private institutions in order to reduce poverty among elderly people in Romania.

Newsletter Helping SMEs in Macedonia Goes On-line

NGO Alliance member [MLBA](#)'s newsletter, "Business News", geared toward small and medium sized enterprises, can now be accessed electronically. "Business News" tackles domestic legislative issues pertaining to: taxes, customs, trade laws, bankruptcy procedures, consumers protection, latest changes in regulations, draft laws and by-laws and their implementation. It also lists upcoming events on issues related to good corporate governance and its implementation, as well as experiences of SME's working in the EU and elsewhere, presentation of important EU and WTO news and documents.

Bulgarian Government Looks to Place Greater Focus on Public-Private Partnerships as the Economy Accelerates in Certain Sectors

NGO Alliance member [Center for Economic Development \(CED\)](#), a Bulgarian think tank focusing on economic policy, recently released its report on the Bulgarian economy. According to the report, growth in industry is accelerating while growth in construction is slightly lagging. Moreover, while investment in the economy increased significantly the current account deficit remains a concern. The report also notes that while the economy remains mixed, there are positive reports in the field of public-private partnerships. The government has declared its intention to enhance public-private partnerships in the construction of Bulgaria's national infrastructure.

ALIANZA ONG
LATIN AMERICA & CARIBBEAN

LOF/Proyecto Comunitario Store Goes Online

[LOF/Proyecto Comunitario](#) recently launched its [online store](#) of Mapuche and other artwork. The store showcases photographs, drawings, paintings, goldsmithing, music, and Mapuche art, and it is hosted by osCommerce, a free open source programming e-commerce tool. Visitors can browse by artist or media type, and view images of the artwork. Stop by and support a fellow social entrepreneur!



***Tiflibros Presents on Electronic Books for the Blind
at UNESCO World Conference in Tunis***

On November 16, 2005, Pablo Lecuona, Director of the NGO Alliance Member [Tiflibros](#), gave a presentation to a UNESCO workshop in Tunisia on information and communication technologies for people with disabilities. UNESCO officials invited Tiflibros to present on its innovative online library of electronic books for the Spanish speaking blind. The international organization hopes to replicate the online library for the blind in other languages. For further information in English, contact María Laura Lecuona at mllecuona@tiflonexos.com.ar.

***Fundación ph15 announces the publication of ph15: fotografías por chicos de ciudad oculta
(Photographs by Kids from the Hidden City)***



[Fundación ph15](#) announced the presentation of its first [book of photographs](#) on December 14 at a special showing at Arte x Arte in Buenos Aires, Argentina. The book contains photographs taken by the foundation's students in eighty color pages and a brief account of the activities of the ph15 kids in the last five years. Text is in Spanish and English. Proceeds from the book will be used to finance Fundación ph15's photography workshops.