



THE WILLIAM DAVIDSON INSTITUTE  
AT THE UNIVERSITY OF MICHIGAN

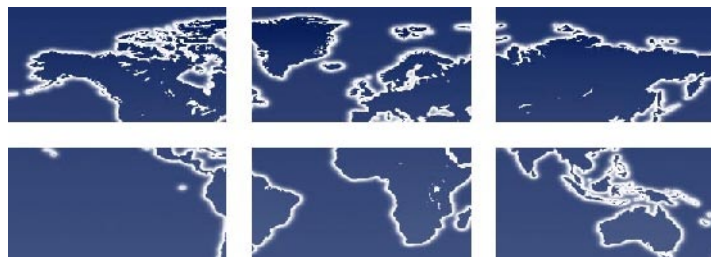
# NGO SUCCESS QUARTERLY

## FROM THE EDITOR

Welcome to the second NGO Success Quarterly. We had a very fruitful quarter. Our May workshop, "Social Enterprise and Entrepreneurs: Framing the Issues," provided significant insight into how we plan to frame our Social Enterprise initiative over the next year. Several workshop participants provided research ideas that they feel would further the field. We hope to announce some of these initiatives in the next edition. We have laid the groundwork for the launch of our Social Enterprise Speaker Series this academic year. We are in the process of inviting thought leaders to come and talk to the growing number of University of Michigan students who are interested in this field. Given the success of the Central and Eastern Europe and Eurasia NGO Alliance, we are pursuing a similar alliance in Latin America & the Caribbean. We are also in the early stages of planning a conference for social enterprise NGOs and thought leaders there in collaboration with NESsT. Of particular interest in this quarter's NGO Success Quarterly is the NGO Spotlight on Counterpart International, and an interview with Social Enterprise expert Kim Alter of Virtue Ventures.

We encourage you to take advantage of this newsletter to highlight your work and promote your organization. Please feel free to contact us with any questions, comments, or ideas you may have.

Sincerely,  
Kelly Janiga  
Manager of WDI Social Enterprise Initiative



## INTRODUCING THE NGO ALLIANCE IN LATIN AMERICA & THE CARIBBEAN

As part of its social enterprise initiative, WDI launched the NGO Alliance, a coalition of public interest groups based in Central Europe, Eastern Europe and Eurasia. Alliance members work on issues central to creating a foundation for a successful transition from a controlled to a market-based economy. The Alliance currently has 37 members in 16 countries in the Central Europe, Eastern Europe, and Eurasia region. WDI is now seeking to develop a new Alliance in Latin America and the Caribbean. Alliance members should be innovative non-governmental organizations (NGO) that have adopted, or are creating strategies for adopting, commercial approaches for their organization to become more sustainable and less dependent on donors. If your organization is interested in joining the Alliance or if you would like to recommend other organizations for membership, please contact WDI Research Associate Porter McConnell at [pmcconne@bus.umich.edu](mailto:pmcconne@bus.umich.edu).



We encourage you to take advantage of this newsletter to highlight your work and promote your organization. Please feel free to contact us with any questions, comments, or ideas you may have.

## ANNOUNCING THE SOCIAL ENTERPRISE SPEAKER SERIES 2005 - 2006

The William Davidson Institute will launch the Social Enterprise Speaker Series in September. The monthly speaker series will feature leading academics and practitioners in the social enterprise field, and talks will discuss the expanding the role of NGO's and corporations in achieving social impact. If you are interested in learning more or wish to propose speaker that WDI should consider, please contact WDI Research Associate Jelena Sljivic at [sljivic@bus.umich.edu](mailto:sljivic@bus.umich.edu)

## KIM ALTER OF VIRTUE VENTURES TALKS TO NGO SUCCESS QUARTERLY



*Kim Alter's expertise in design and implementation of social enterprises is drawn from more than fifteen years' experience in 35 countries. She began her career by founding an international voluntary organization in Africa, went on to pursue an MBA, and became a technical advisor in microfinance and social enterprises for Save the Children and Catholic Relief Services. Alter started her own management and technology consulting firm in 2000, and she has continued to work for clients such as the World Bank, UNDP, the Ashoka Foundation, and the Inter-American Development Bank. She is currently a Visiting Fellow at the Skoll Centre for Social Entrepreneurship at Said Business School, Oxford University, where she teaches a course on Social Enterprise Design. NGO Success Quarterly recently asked Alter to share her insights with NGO Alliance members. (For the full interview, please visit [www.wdi.edu/ResearchInitiatives/SocialEnterprise](http://www.wdi.edu/ResearchInitiatives/SocialEnterprise).)*

*NSQ: Last year, you wrote the Social Enterprise Typology, which in your words, “breaks down the traditional boundaries between the nonprofit and private sectors and draws definition to this new institutional animal – part business-part social—the social enterprise.” How can NGO Alliance members use the Typology in their own social enterprise?*

KA: The idea behind the Typology was to examine models of delivery occurring in the field, so that practitioners would be able to use these models to inform their own design. The Typology examines models as they relate to different types of organizational structures, legal and operating environments, mission orientation, and social impact and financial objectives. Practitioners can use the Typology to think through what kind of social enterprise operational design makes sense for their organization. The Typology is intended as a living document: our hope is that practitioners will submit their stories so we expand the Typology by adding new models and experiences.

In my experience, many NGOs come into the field of social enterprise because of the promise of money, and then come to realize that there are many other benefits, and that making money is actually a lot harder than anticipated. So although they came in through the door of fundraising, they begin to discover that social enterprise is a framework for capacity building, producing more efficient operations, greater accountability and transparency, better human resource management, reduction in service delivery costs, and increased social impact as well as earned income.

The bottom line is that running a business is just as hard as running an organization, and the NGO leaders who start social enterprises to make fast and easy money exit pretty quickly. Those primarily looking at social enterprise as a mission realization strategy tend to go further. For example, an elder service organization created an eldercare social enterprise because it was mission-driven and they could expand their core social services to reach more seniors, albeit seniors who could pay, but it's still a part of their mission. It's hard to get stakeholders to rally around a non-mission related social enterprise idea.

*NSQ: If you had to limit yourself to just three pieces of advice for an NGO in an emerging market country seeking to adopt a social enterprise, what would they be?*

KA: 1. If you're interested social enterprise, consider it as a vehicle to accomplish your mission and to strengthen your organization rather than as a money making vehicle. Because social enterprises also generate income it can be a sustainable program or organizational strategy. Start an enterprise that is mission related and that will help you do what you already do *better*—making social impact.

2. Try to find a unicorn to lead your venture: you need someone that understands both the social and the business aspects of social enterprise, a hybrid business-social person. Finding the right talent is key; the leader needs to be of a hybrid ilk, a Gandhi or Joan of Arc with an MBA, or on a fast learning track. If it's someone from the business world, they need to have some sensitivity to the culture of nonprofits, and social sector people must have management experience. Either way, learning and unlearning happens on both ends.

3. Take time to conduct market research to find the right venture before you start. The right venture will fit with your mission, your operational preference, your assets and organization strengths. Don't fall in love with your first idea. A third party facilitator can help a group brainstorm, and focus the discussion on viable business ideas related to organization appropriate screening criteria. You have to be really clear about purpose, what your objectives are, your assets, your social criteria, and your financial resources.

*NSQ: Of course, NGOs cannot start social enterprises without a positive enabling environment. In your view, what are the most important reforms that emerging market countries can adopt to nurture NGO sustainability, and what are the largest obstacles?*

KA: It's hard to generalize across emerging market countries, but the two biggest obstacles are: the legal framework and the capital markets. It's important that governments recognize a legal designation for hybrid organizations, and that there is an enabling legal framework in which these organizations operate. In India for example, there is actually a legal designation for non-profit organizations that earn income, and the law allows for income generation as long as the income is reinvested in the organization for mission-related work. By contrast, in many countries of the former Soviet Union, social enterprises are forced to work under the radar screen in fear of being shut down by the police or tax authorities. It's hard to grow a business in these circumstances.

Capital markets are also important: in many of the emerging market countries, once-flowing international funding has dried up. Funding needs to be more developed via local philanthropy from wealthy individuals and corporations who can fill in the gap, and there needs to be more access to international soft loans, PRIs and other financial instruments.

*NSQ: Thank you for the interview, Kim. Any breaking news you'd like to pass on to NGO Alliance members?*

KA: Well, the Skoll Centre at Oxford University offers five full scholarships plus per diem for the Said Business School's MBA program with a Social Entrepreneurship focus. For more information, go to [www.sbs.ox.ac.uk/html/mba\\_financial\\_aid\\_skoll.asp](http://www.sbs.ox.ac.uk/html/mba_financial_aid_skoll.asp).

Also, the Social Edge of the Skoll Foundation is a good, interesting resource. Periodically they have forums on social enterprise and related topics like where to look for funds. The Social Edge website is available at [www.socialedge.org/index.html](http://www.socialedge.org/index.html).

## WORKSHOP

### “SOCIAL ENTERPRISE AND ENTREPRENEURS IN EMERGING MARKETS: FRAMING THE ISSUES”



On May 19-20, the William Davidson Institute hosted the workshop “Social Enterprise and Entrepreneurs in Emerging Markets: Framing the Issues.” The workshop focused on ways in which socially oriented organizations are adopting commercial strategies to increase effectiveness and decrease grant dependence. We brought together a small group of academics and practitioners to share their research and experiences, and to help frame a research agenda for exploring social enterprise in emerging markets. It was held at and sponsored by the William Davidson Institute at the University of Michigan (WDI) in Ann Arbor, Michigan. Participants presented research or experiences in one of three panels: 1) Non-

profit strategies to achieve commercial sustainability, 2) Cross-sector partnerships, and 3) Policies which affect the development of the third sector.

Several themes arose from the workshop discussion, including partnering and trust issues, the need for donor education and new tools to evaluate social enterprises, and the importance of creating an enabling regulatory environment for social enterprise. For a summary or full proceedings of the Social Enterprise Workshop, please visit [www.wdi.umich.edu/Events/67/](http://www.wdi.umich.edu/Events/67/).

### SOCIAL ENTERPRISE RESEARCH AND POLICY FELLOWS

The William Davidson Institute is now inviting thought leaders in the field of social enterprise to join its renowned Research and Policy Fellow networks. The WDI Research Fellow network currently includes over 200 renowned scholars largely working in the field of transition economics. WDI Policy Fellows network is a new network of informed practitioners working in social enterprise and other research topics in which WDI focuses. Research and Policy Fellows attend WDI events, participate in research and technical assistance projects and disseminate their work via the WDI Working Paper, Policy Brief, and Business Brief series to thousands of researchers, policy makers, and business leaders worldwide.

If you are interested in becoming a fellow, please send a statement of interest and CV to Kelly Janiga at [janigak@umich.edu](mailto:janigak@umich.edu). Additional information regarding the Research Fellows network is available at [www.wdi.umich.edu/About/ResearchFellows/](http://www.wdi.umich.edu/About/ResearchFellows/)

### WDI POLICY BRIEF SERIES

The William Davidson Institute seeks papers which focus on all issues relevant to emerging market economies but particularly topics related to WDI research topics – Social Enterprise, Base of the Pyramid and Globalization of Services - for its Policy Briefs Series. Policy Briefs are aimed at an informed, but non-academic, audience interested in policy topics in emerging markets. The series seeks to communicate research results, document best practices, and share opinions from business leaders and policymakers with a practitioner audience.

We have completed policy brief series on Slovakia and Vietnam. South Africa, Serbia, Colombia and Ethiopia series are forthcoming. Common topics include: financial sector reform, privatization, social enterprise, small and medium-size enterprise development, and trade. Additional information about the Policy Brief series is available at [www.wdi.umich.edu/Publications/PolicyBriefs/](http://www.wdi.umich.edu/Publications/PolicyBriefs/).

### Counterpart International

[Counterpart International](#) is a non-profit international development organization dedicated to helping people in the areas of civil society, private enterprise, environmental resource management, humanitarian relief and health care. Counterpart International and its local subsidiaries are actively working to promote social enterprise through a number of projects including a business plan competition in Bulgaria. Thus, the WDI is proud to include amongst its NGO Alliance members the local Bulgarian and Kyrgyzstan offices.

As part of its long-term strategy to strengthen the capacity of the social enterprises it works with, NGO Alliance member Counterpart International-Bulgaria introduced the newest initiative within the framework of its Social Enterprise Program—A Competitive Social Enterprise. The initiative gives the Social Enterprises a new opportunity to improve their work and enhance each organization’s viability and market niche. The Bulgarian local office also recently ran its first annual business plan competition for social enterprises.

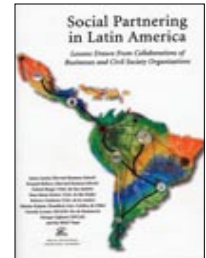
Counterpart-Sheriktesh in Kyrgyzstan, is currently working on a World Bank funded project to design and deliver more effective CDD projects, which are responsive to the poor. The community empowerment network will further increase the understanding of what makes CDD projects successful, increase the exchange of expertise of stakeholders involved in the design and development of the projects, and enhance the coordination of capacity building efforts for community empowerment among development partners.

### WDI WORKING PAPER SERIES

The William Davidson Institute seeks academic papers focused on issues related to the social enterprise field for inclusion in its renowned working papers series. The WDI Working Paper Series is a collection of almost 800 papers by some of the leading thinkers in the field of transition economics. The series is ranked one of the top series by REPEC, and papers are disseminated to a worldwide audience through the Research Update newsletter. More information about the series as well as submission guidelines is available at [www.wdi.umich.edu/Publications/WorkingPapers/](http://www.wdi.umich.edu/Publications/WorkingPapers/).

## RECOMMENDED READING

**Social Partnering in Latin America: Lessons Drawn From Collaborations of Businesses and Civil Society Organizations**, by James Austin et al. of the Social Enterprise Knowledge Network, 2004.



This edited volume collects the research experiences of the Social Enterprise Knowledge Network’s university affiliates in Latin America. The book is divided into two parts: the first is devoted to the partnering process in general, and the second examines specific country topics for Argentina, Brazil, Nicaragua, Peru, Chile, Colombia, and Mexico.

In the book’s first part, the authors posit that social partnership occurs along a continuum of stages: the first is the “philanthropic stage”, the conventional model of corporate giving that is perhaps the most familiar model; the second is the “transactional stage”, in which corporations and non-profits partner for a specific purpose, and both benefit from what is perceived to be a “two-way value exchange;” the third is the “integrative stage”, in which collaborations are truly coordinated and where there is a “meshing of missions, a synchronization of strategies, and compatibility of values,” and the model looks more like a joint venture than a collaboration. The authors take issue with the conception that there are fewer innovative partnerships in Latin America due to the fact that philanthropy often takes the form of tithing to the Catholic Church, businesses see their roles as more limited to profit generation, mutual aid mechanisms tend to operate through family ties, and government tends to be the sole provider of social services. In fact, the study unearths a wealth of high and low profile cross-sector partnerships in Latin American countries. In each country profile, the authors target a different type of social partnering and its challenges and possibilities. Of particular interest is the chapter on the role of social entrepreneurs in alliance building in Argentina.

*The Social Enterprise Knowledge Network’s mission is to “advance the frontiers of knowledge and practice in social enterprise through collaborative research, shared learning, case-based teaching, and the strengthening of management education institutions’ capabilities to serve their communities.” For more information about the SEKN model, visit <http://www.sekn.org/>.*

## ALLIANCE MEMBER ANNOUNCEMENTS

### Counterpart International-Bulgaria: First Annual Business Plan Competition for Social Entrepreneurs

In April, WDI NGO Alliance Member, Counterpart International-Bulgaria together with the Social Enterprise Foundation announced their first annual Business Plan Competition for Social Entrepreneurs. The competition is open to the 40 social enterprises that work with Counterpart International-Bulgaria. The aim of the competition is to increase the number of successful social enterprises in Bulgaria by transforming NGOs from donor-dependent organizations into sustainable, income generating organizations. The award ceremony will be held on July 15, 2005 in Sofia, Bulgaria. For more information please contact Ms. Tania Kapoor at [Tania@counterpart-bg.org](mailto:Tania@counterpart-bg.org).

### Center for Community Dialogues and Initiatives (CCDI) Implements Three Social Enterprise Projects

WDI's newest Alliance member, the Center for Community Dialogue Initiative (CCDI) is pleased to announce three NEW social enterprise projects. The current projects are: the "Sustainable Community Benefits through Social Enterprises" project in coordination with the Eurasia Foundation, the "Full Self-Governance of the Community" project founded by the Ambassador of Finland, and the "University Students: Initiators of Positive Social Change" project funded by the IMF. CCDI is also a founder/member of the International Association "Election & Democracy". For more information about these projects, best practices, or how to replicate them in your area please contact Ms. Ruzan Sedrakyan at [ruzan@ccdi.am](mailto:ruzan@ccdi.am)

If you are interested in the William Davidson Institutes's NGO Alliance for CEE countries, please contact Jelena Sljivic at [sljivic@umich.edu](mailto:sljivic@umich.edu) or visit [www.wdi.umich.edu/researchinitiatives/socialenterprise/ngo/about](http://www.wdi.umich.edu/researchinitiatives/socialenterprise/ngo/about)

### Meeting and Conference Center - Black Sea University Foundation

#### Hosts Phare seminar on European Social Funds



WDI Alliance member, the Meeting and Conference Center for the Black Sea University Foundation (MCC-BSUF), in collaboration with the European Union's Phare program, recently hosted the first of a series of seminars. The Phare program is designed to help countries applying for E.U. membership to strengthen their institutions in anticipation of acceptance to the E.U. The first seminar, which took place June 1-5, 2005 in Bucharest, Romania, discussed European Social Funds. Participants included thirty representatives from 5 countries (Bulgaria, Czech Republic, Estonia, Latvia, and Romania). Professor Caroline Meyers,

Deputy Director of the Ministry of Flemish Community of the European Social Fund Agency, Belgium, chaired the event. For additional information please visit [www.euaquismcc.4t.com](http://www.euaquismcc.4t.com).

For additional NGO news items, please consult WDI's NGO Alliance News webpage at:  
[www.wdi.umich.edu/resources/NGOAlliance/NGOAlliance%20News](http://www.wdi.umich.edu/resources/NGOAlliance/NGOAlliance%20News)