

Hybrid Spectrum

Shifting stakeholder expectations of nonprofit organizations to achieve larger scale social impact while also diversifying their funding has been credited as a major factor in the appearance of the “nonprofit hybrid” part for-profit and part nonprofit.

At this intersection of business and traditional nonprofit is where the social enterprise lies.

Spectrum of Practitioners

	Purely Philanthropic	<u>Hybrid</u>	Purely commercial
Motives	Appeal to goodwill	Mixed motives	Appeal to self-interest
Methods	Mission-driven	Balance of mission and market	Market-driven
Goals	Social value creation	Social and economic value creation	Economic value creation
Destination of Income/Profit	Directed toward mission activities of nonprofit organization (required by law or organizational policy)	Reinvested in mission activities or operational expenses, and/or retained for business growth and development (for-profits may redistribute a portion)	Distributed to shareholders and owners

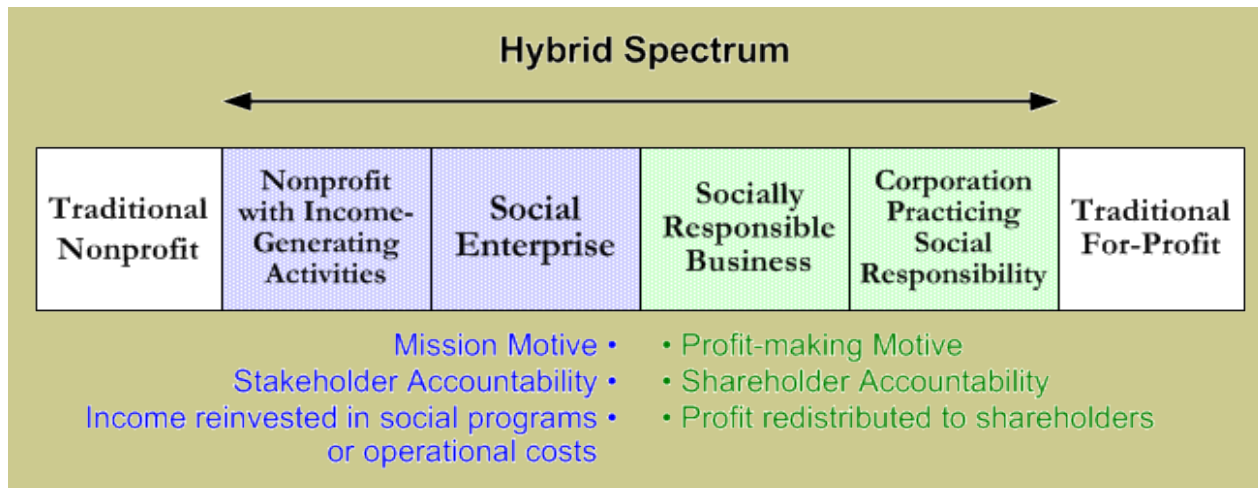
All hybrid organizations generate both social and economic value and are organized by degree of activity as it relates to: 1) motive, 2) accountability, and 3) use of income.

The Hybrid Spectrum includes four types of Hybrid Practitioners.

On the right hand side of the spectrum are for-profit entities that create social value but whose main motives are profit-making and distribution of profit to shareholders.

On the left hand side of the spectrum are nonprofits with commercial activities that generate economic value to fund social programs but whose main motive is mission accomplishment as dictated by stakeholder mandate.

TYPES OF SOCIAL IMPACT ORGANIZATIONS



Excerpt taken from http://www.4lenses.org/setypology/hybrid_spectrum

TYPE	EXAMPLES
<p><u>Traditional Nonprofit</u></p>	<ul style="list-style-type: none"> -New Sector Alliance - Fellowships -Venture for America -PULSE -Center for the Homeless -Catholic Charities -Boys & Girls Clubs of America -East St. Louis Initiative (ESLI) -Environmental Defense Fund Climate Corps -Idealist.org -Leadership for Educational Equity -One Acre Fund -Opportunity Finance Network -PCDNetwork -PYXERA Global -St. Margaret’s House -Sustainable Forestry Initiative -The Broad Center -The Reinvestment Fund -Thinking Beyond Borders -Uncommon Schools, Inc. -UPEACE Centre for Executive Education -Urban Creators -WorkMonger -Women’s Opportunities Resource Center -Zero Violencia
<p>Description Businesses legally defined by 501C3 tax code</p> <p>A private corporation that works for the public’s benefit but is separate and independent from government</p> <p>Earn revenue, but must use any funds in excess of operating expenses to further the public purpose stated in charter</p> <p>Exempt tax status; 990 tax form is <u>public</u></p>	
<p><u>Nonprofit with Earned Income</u></p>	<ul style="list-style-type: none"> -Notre Dame Football (ticket sales) - Morris Performing Arts Center (ticket sales) - Girl Scouts (cookie sales) - Smithsonian’s National Zoo (“Zoo Doo” sells elephant dung as exotic fertilizer)
<p>Description Earned income - revenue generated from the sale of goods, services rendered or work performed; may help improve organization image and visibility, but for-profit businesses may view this as unfair competition and could challenge the organization’s tax-exempt status. Income generating activities are integrated into the organization’s other activities.</p>	

Foundation

Description

A non-governmental entity established as a nonprofit corporation or a charitable trust, with a principal purpose of making grants to unrelated organizations, institutions, or individuals for scientific, educational, cultural, religious, or other charitable purposes. A private foundation derives its money from a family, an individual, or a corporation. A "public foundation" derives its support from diverse sources, which may include foundations, individuals, and government agencies. The term "foundation" is not a legal term. Do not assume that "foundation," in the name, implies a grant making organization.

- Bill & Melinda Gates Foundation
- MacArthur Foundation
- Surdna Foundation
- Silicon Valley Community Foundation
- Lilly Cares Foundation, Inc.
- The William and Flora Hewlett Foundation
- The Robert Wood Johnson Foundation
- The Robert Bosch Stiftung (foundation)
- Ford Foundation (private)
- Ms. Foundation for Women (public)

Social Entrepreneurship

Description

An organization that applies commercial strategies to maximize improvements in human and environmental well-being—this may include maximizing social impact alongside profits for external shareholders. Businesses with two goals: achieve social, cultural, community economic and/or environmental outcomes; and, to earn revenue.

- Ashoka
- Global Social Venture Competition
- Infinitech
- Greenblu
- Inspiring Capital
- Social Entrepreneur Corps
- GoldieBlox
- Tom's Shoes
- Warby Parker
- CCS Fundraising
- Education Pioneers

Impact Investing

Description

Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending on investors' strategic goals.

- Impact Engine
- Impact Business Leaders
- Kiva
- Acumen
- Accion
- reAlliance Capital Partners
- REDF
- Economic Finance Labs

Hybrid

Description

A Hybrid organization integrates traditionally separate organizational models; combining aspects of nonprofit and for-profit business models. Hybridizing a nonprofit's income strategy may involve charging for services, but on a sliding scale. The method "turns constituent into customer." But, the ultimate goal is still the mission.

- Bridgespan (funded by Bain)
- Panera Café (funded through Panera)
- Hot Bread Kitchen (workforce development program blended with for-profit bread sales)
- Inspiring Capital (also a B Corps)

Company-sponsored foundation - a hybrid deriving grant making funds primarily from the contributions of a profit-making business.

- Walmart Foundation
- Ford Motor Company Fund
- The Abbvie Foundation

Benefit Corporation (B Corps)

Description

Corporate purpose is to bring positive change for society and the environment, and they consider the impact of their decisions not only on

- Alter Eco
- Blue Garnet
- Change Catalyst
- Community Wealth Partners
- Ecotrust Forest

shareholders but also on workers, community, and environment.

- Education Funding Partners
- Northeast Green Building Consulting
- OneSeventeen Media, Inc.
- Revolution Foods

Corporate Social Responsibility (CSR)

Description

For-profit businesses incorporate good corporate citizenship into their culture. Nine in 10 consumers expect companies to not only make a profit, but also operate responsibly to address social and environmental issues, according to a study by *Cone Communications*. Broad categories of CSR include environmental efforts, philanthropy, ethical labor practices, volunteering. CSR embeds sustainability into the core of business operations to create shared value for business and society.

- Google (Google Green)
- Target (environmental, educational and other social involvement in community locale)
- IKEA (People and Planet)
- PNC (Grow up Great)
- Grupo Bimbo (employee free educational services; microfinance program)
- Proctor and Gamble (Children's Safe Drinking Water; Live Learn and Thrive; Disaster Relief)
- Etsy (6-month paid parental leave)

Corporate Giving Programs

Description

Donations made by companies to nonprofits in areas such as the arts, education, the environment, human services, etc., to foster community involvement. Although often cash-based, donations can include use of company buildings, property, equipment, products and services. Donations may be related to core product, service or business of the company. Can also include volunteer hours by company employees. May be administered through the company or its foundation.

- Apple (employee donation matching program)
- Google (donated 5,000 Raspberry PI computers)
- PepsiCo (Food for Good; Mother Water Cellar Project in Greater China)
- Shell (philanthropic donations for research on oil and energy challenges to UT Austin)
- Boeing (\$100 Fundraising match for run, walk or bike events an employee participates in)
- Chevron (Dollars for Doers – donate set amount to nonprofit for determined number of employee volunteer hours)
- Walmart (community grants to nonprofits)